



65th
1950 - 2015
Anniversary

Poh Tiong Choon Logistics
傅長春儲運 65年



TOTAL
INTEGRATED
CAPABILITY



2014
ANNUAL
REPORT



傅長春儲運有限公司
Poh Tiong Choon Logistics Limited

爱心是企业和谐之根
亲情是家族和谐之本

傅春安 题

{ Humanity as the roots of harmony in the enterprise
Kinship as the origins of harmony in the family }



爱心为根，亲情为本
—— 我们的企业文化

With Love as the Foundation and Kinship Ties as the Spirit
—— Our Corporate Culture

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FINANCIAL CALENDAR

15 May 2014	Announcement of 2014 first quarter results
13 August 2014	Announcement of 2014 half year results
30 September 2014	Payment of interim dividend
13 November 2014	Announcement of 2014 third quarter results
31 December 2014	Financial year-end
27 February 2015	Announcement of 2014 full year results
15 April 2015	Annual report issued
30 April 2015	Annual General Meeting
29 May 2015	Payment of 2014 proposed final dividend



A large warehouse filled with numerous blue metal drums stacked on wooden pallets. The drums are arranged in rows, creating a sense of depth and scale. The warehouse has a high ceiling with visible structural beams and lighting fixtures.

RESILIENCE

PTCL with its stable foundation, extensive experience, management commitments and being responsive to both internal needs and external events, will keep pace and continue to progress with confidence to reach its destined goal.



RELIABLE

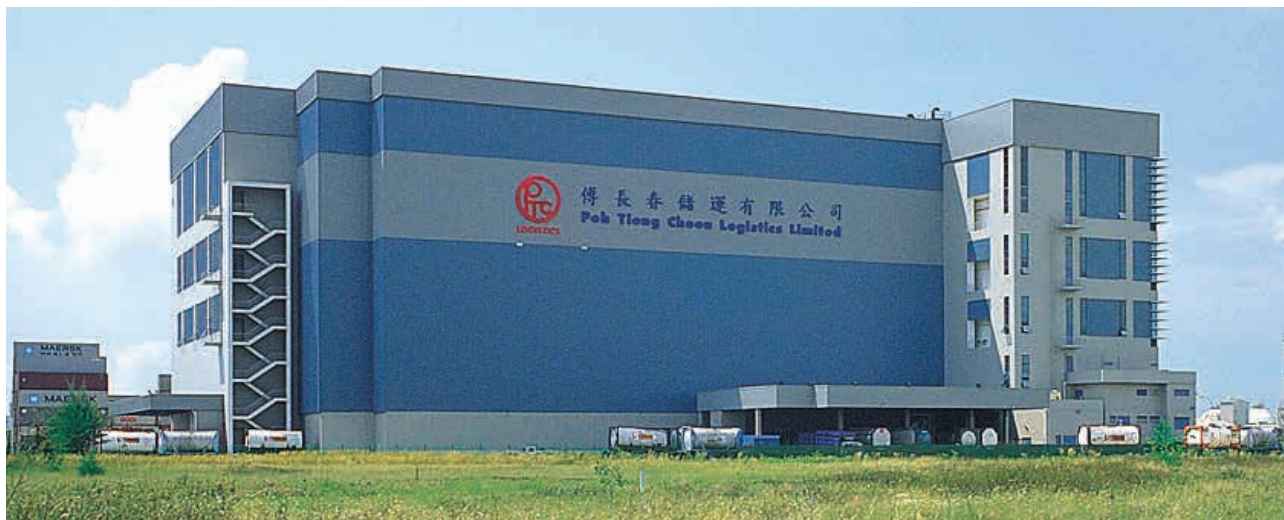
PTCL is committed to providing customers with the expertise, quality service and ongoing support at all times. No matter how big or small our customers' needs, we do not hand over services without providing full support.

RESOURCEFUL

PTCL seeks to cultivate a culture of resourcefulness to uncover more possibilities, offer solutions and innovations to keep us relevant to the evolving world.



CORPORATE PROFILE



1950 marks the beginning of Poh Tiong Choon Group of companies. With just a handful of lorries and with the founding fathers literally at the wheels of these vehicles during the early years, the group today has grown into one of the leading integrated logistics specialist in Singapore.

In the intervening years between 1950 and 1999, the owner-operator transport company grows from strength to strength expanding into bulk cargo handling and heavy haulage services, later relocating to bigger premises at Pandan Road. The company was awarded the Enterprise 50 award in 1997 and 1998. By 1999, the Company is an ISO 9000 certified logistics services provider and with revenue of \$43 million, the company listed successfully as Poh Tiong Choon Logistics Limited (PTCL) on the Main Board of the Singapore Exchange Securities Trading Limited (SGX Main Board).

As one of the first to provide container storage services in Singapore, PTCL also pioneered the very first bulk cargo vessel trimming operations in the republic. It was also ahead

of every logistics company in heavy haulage operations, playing a vital part in the early years of Singapore's industrial development. PTCL's business was in the transportation of infrastructure cargo such as turbines, generators and reactors for power, chemical and incineration plants, as well as massive concrete beams for road and bridge construction.

PTCL is certified eSCM (The eSupply Chain Management) ready by ESCM council in 2007. The eSCM assessment programme formed part of the government's effort to help Singapore's manufacturing and logistics sector become a key collaborative manufacturing services hub in Asia. In the same year, PTCL was one of the eight companies in Singapore to be certified under the Secure Trade Partnership Programme (STP), a pilot-run programme by the Singapore Customs to strengthen and safeguard the security of supply chain operations.

Today, PTCL, which is ISO9000 certified, is one of the leading homegrown third-party logistics providers in Singapore, providing a comprehensive range of third-party

logistics services to customers from a broad spectrum of industries including the chemical, food, retail, infrastructure and shipping sectors.

The Group's core businesses encompass the followings:

- Transportation, bulk cargo handling and stevedoring;
- Warehousing, drumming and related services;
- Trading;
- Leasing & property development
- Terminal management





TRANSPORTATION, BULK CARGO HANDLING AND STEVEDORING

With more than 60 years of experience, the Company has a strong track record in transporting high value, sensitive and chemical cargo in various forms, including conventional, general containers, bulk and bulk liquid containers.

Today, PTCL owns over a thousand units of cargo vehicles comprising prime movers, trailers and other vehicles such as refrigerated trucks, tipper trucks and general usage lorries. With customers ranging from multinationals in the petrochemical industries to individual customers, PTCL offers cost-effective solutions that help customers increase efficiency and profitability.

As one of the Singapore's major bulk cargo handlers, the Group loads and discharges from vessels cargoes that include aggregates, bulk cement, sand, salt, and other chemical raw materials. The Group also owns and operates a wide range of heavy haulage equipment including some newly acquired floating barges and grabs. This enables the Group to strengthen its capacity to better service a vast and diversified clientele.

WAREHOUSING, DRUMMING AND RELATED SERVICES

PTCL owns and operates two warehousing facilities in Singapore, one on Jurong Island and the other at Pandan Road. The facilities provide integrated logistics services including drum filling of chemical products, open and covered warehouse

storage, cold room storage, inventory management, local and international freight management, as well as storage and distribution of loaded containers.

TRADING

The Group's sole trading activity is in the sale of diesel fuel to industries.

LEASING

The Group sub-leases three of its properties. A portion of the PTC Chemical Logistics Complex at Jurong Island was sub-leased to Stolt Container Terminal Pte Ltd (Stolt) which operates an ISO tank cleaning and repair facility. With Stolt's operations complementing PTCL's services, the combined facilities provide customers with comprehensive, integrated and cost effective solution to their logistics requirements such as tank heating, cleaning and repair, drum filling, warehousing and open storage, and other ancillary services.

The factory building with office space located at the industrial land at Tuas Bay Drive is sub-leased to a multinational company servicing the Oil and Gas industry. The Group also sub-leases a unit of office space at Realty Centre.

TERMINAL MANAGEMENT

Through Hai Poh Terminals Pte Ltd, a joint venture with Singapore Shipping Corporation Limited, PTCL is able to offer terminal management services to its customers. Since 1984, Hai Poh Terminals has been managing and operating at an appropriated berth in PSA for major multinational liners and specialises in RORO vessel operations.

PTC CHEMICAL LOGISTICS COMPLEX AT JURONG ISLAND

The Chemical Logistics Complex is strategically located at the centre of Jurong Island. It comprises a 5-storey warehouse, a drumming plant for chemicals, storage facilities



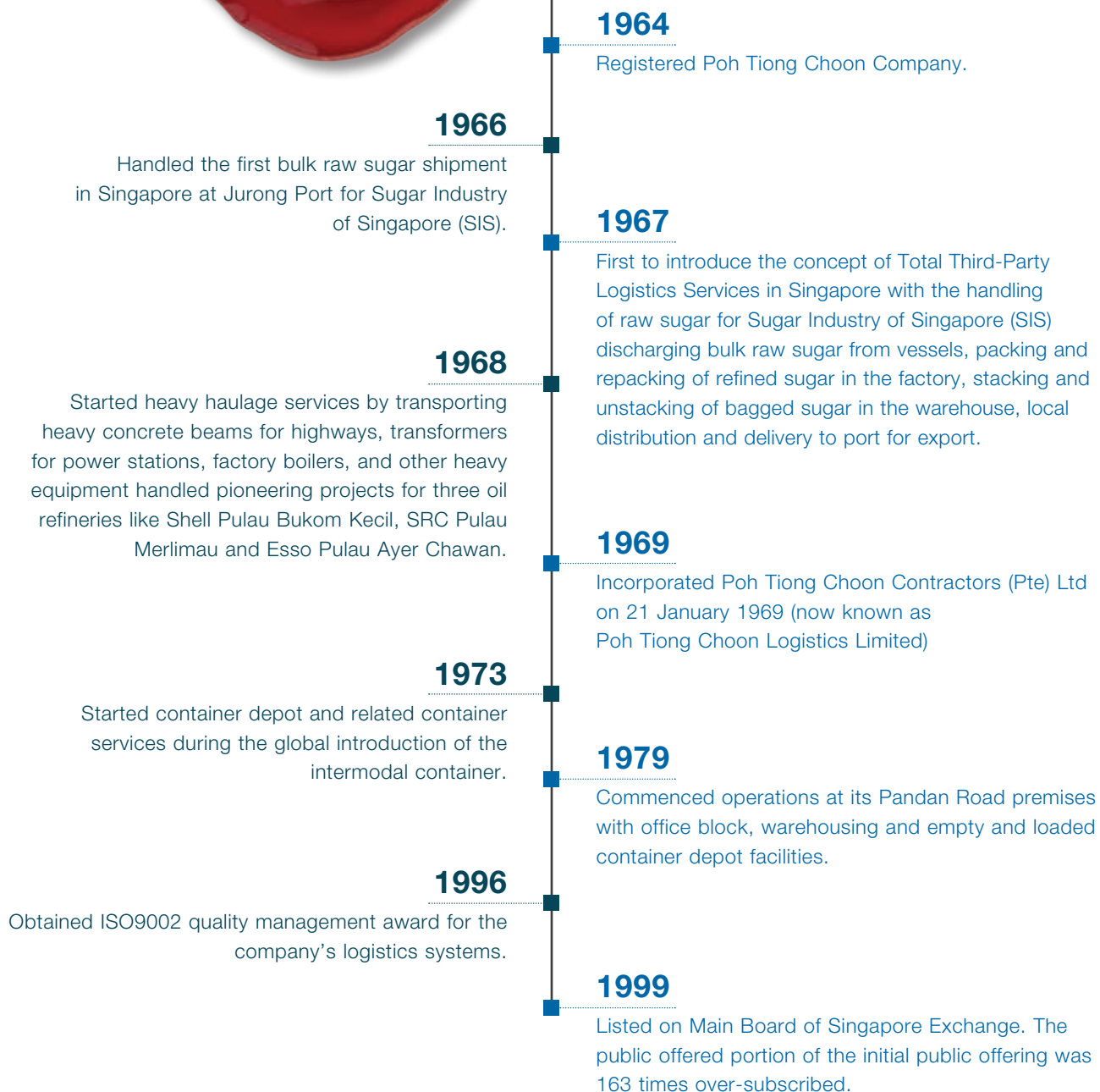
for dangerous cargo and a high-density automated storage and retrieval system (ASRS). A web-ready warehouse management system integrates the entire physical facilities and operations, ensuring efficient and accurate identification, tracking and management of cargo. With a height of 39m, the ASRS, designed to support information, space and resource management, has already demonstrated substantial savings in space and labour costs. The system is also expected to act as a platform for further development into e-commerce.

The open yard facility for the storage of loaded containers is dominated by an auto-steering Rubber-Tyred Gantry Crane and a Smartrail System based on Global Positioning System technology. The first such system to be installed in Asia, the Crane runs on virtual tracks and is able to stack up to seven containers high and eight containers wide.

The PTC Chemical Logistics Complex is a one-stop supply chain service hub with the capability of providing value-added services:

- Real time inventory management
- Storage of dangerous cargo and non-dangerous cargo
- Drumming of non-hazardous chemicals
- Spares management
- Container transshipment hub
- Interface with clients' Enterprise Resource Planning Systems.
- Transportation and freight coordination/documentation Services

CORPORATE MILESTONE





2001

Completed construction of PTC Chemical Logistics Complex at Jurong Island.

2002

Began warehouse operations at the new PTC Chemical Logistics Complex at Jurong Island.

2005

Completed the construction of ISO tank cleaning and repair facility at Jurong Island and lease on long term basis to Stolt-Nielsen S.A. Group, the largest tank terminals operator in the world.

2006

Incorporated 100% wholly owned subsidiary Poh Tiong Choon (Shanghai) Limited and continued to expand logistics business in China.

2007

The company achieved the secure Trade Partnership, administered by Singapore Customs and the eSCM, administered by eSCM council.

2008

Completed the construction of a factory building with office space at Tuas and lease on long term basis to National Oilwell Varco Pte Ltd, a multinational company servicing the Oil and Gas Industry.

2011

Company's 60th anniversary 1950-2010.
The Company hosted a special celebration at the Max Pavilion of Singapore Expo.
The event was attended by more than 1,300 distinguished guests that included ministers, business associates, shareholders, family members and other guests.

2013

Awarded the BizSafe Star Award conferred by the Minister of Manpower and attained the OHSAS 18001:2007 accreditation for its Bulk Cargo department for occupational health and safety management systems.

2014

Accepted an offer from the Jurong Town Corporation ("JTC Corporation") to lease the Pandan premises for a further term of 24 years 4 months from 1 July 2019.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the board, I am pleased to present the Annual Report and Audited Accounts of Poh Tiong Choon Logistics Limited (the Company) and its subsidiaries (the Group) for the financial year ended 31 December 2014.

GROUP PERFORMANCE

Amidst a tough operating environment marked by rising wages, a tight labour market and higher costs of operations, the Group did well by delivering continued profitability. For year 2014, profit after tax attributable to shareholders stood at S\$8.3 million on the back of a 7% jump in revenue to S\$126.2 million.

Contributing to the revenue increase was higher sales recorded by our Transportation and Bulk Cargo, and Warehousing divisions which secured new contracts and registered expanded sales volumes from existing customers. However, an increase in depreciation of property, plant and equipment, higher employee compensation, rental on operating leases and sub-contracting costs pushed overall expenses up by 10% to S\$115.5 million, resulting in a 20% reduction in profit after tax.

REDEVELOPMENT OF 42 AND 48 PANDAN ROAD

The highlight of the year was the successful lease renewal for our warehouse and office space at 42 and 48 Pandan Road – the Group's anchor premises since 1979. We accepted an offer from

the Jurong Town Corporation ("JTC Corporation") to lease the premises for a further term of 24 years 4 months commencing 1 July 2019. This renewal is critical for smooth business continuity.

Our core services at 42 and 48 Pandan Road are warehousing and transportation. PTCL will be improving on our core competencies by re-building the existing buildings and structures into a modern ramp up warehouse with a block of office space together with ancillary facilities (Redevelopment project). Upon completion, the total gross floor area of our premises will increase to approximately 101,590 square meters. The intensification of land use will be accompanied by investments in forklifts, pallets, prime movers and trailers, among others. These investments will help PTCL to achieve sustainable growth in the next decade and beyond.

PTCL is strong in drum filling of chemical products in Jurong Island. We are seeking to expand into the high growth sector of drumming non dangerous goods in Pandan Road. Our expansion plans at Pandan Road will enhance our overall competitive strength and service capabilities.

In December 2014, we commenced the first of two phases of the Redevelopment Project. Full completion of the entire project is slated for February 2018.

This is an important project for the Group as it will put us in a good

stead to cope with the future. The expanded warehousing capacity will allow us to consolidate our business activities in a single location, better utilise resources and reap cost efficiencies. The project is estimated to cost approximately S\$128 million, not including any provisional sum and contingency sum. It will be funded by banking facilities of S\$110 million and internal funds.

RETURNS TO SHAREHOLDERS

To reward loyal shareholders, the Board of Directors has recommended a final dividend of 1.75 cents per share. Including the interim dividend of 0.50 cents per share, the total dividend for FY2014 would be 2.25 cents, which works out to a payout ratio of 58%.

STRATEGIC FOCUS IN 2015

Looking ahead, we anticipate more challenges due to the tight labour market, wage costs pressure, and diesel prices which may affect some of our business divisions.

We will stay the course by exploring all ways to grow our four core businesses – Transportation and bulk cargo, Warehousing, Trading and Leasing. Our growth strategy will focus on raising customer retention, enhancing infrastructure to deliver the best customer experience, and effectively managing our cost structure to optimise operations. In addition, we will look for synergistic opportunities to boost our long-term competitiveness.

“Our growth strategy will focus on raising customer retention, enhancing infrastructure to deliver the best customer experience, and effectively managing our cost structure to optimise operations.”

POH CHOON ANN

Chairman and Chief Executive Officer

APPRECIATION

On behalf of the Board of Directors, I would like to express my heartfelt gratitude to our Director Mr Poh Kay Ping for his 29 years of invaluable contributions to the Group. Due to personal commitments, he has decided not to seek a re-election at the upcoming Annual General Meeting on 30 April 2015. We are truly appreciative of his dedication to the Company. We wish him all the best professionally and personally as he move into a new chapter of his life.

I would also like to take this opportunity to thank all customers, staff and shareholders for trusting the Group. Let me assure you that we will continue to work hard to improve our service and seek sustainable growth.

Poh Choon Ann
Chairman and Chief Executive Officer



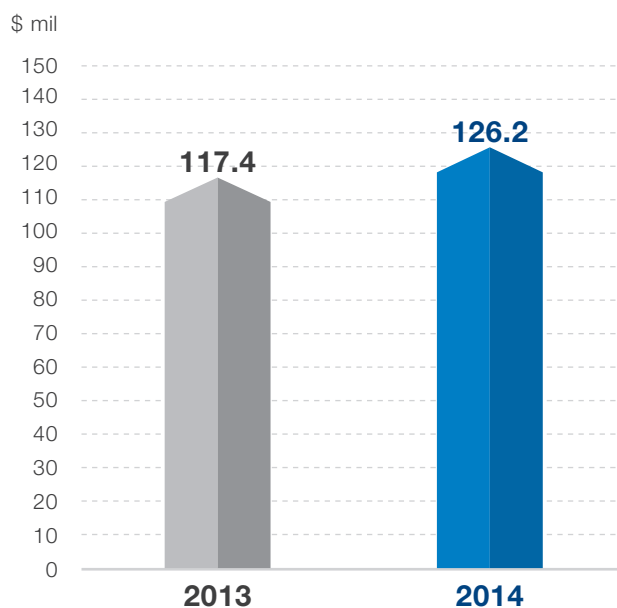
FINANCIAL HIGHLIGHTS

REVENUE

Revenue increased by 7%
from \$117.4 million in 2013
to \$126.2 million in 2014.

+7%

\$126.2
MILLION

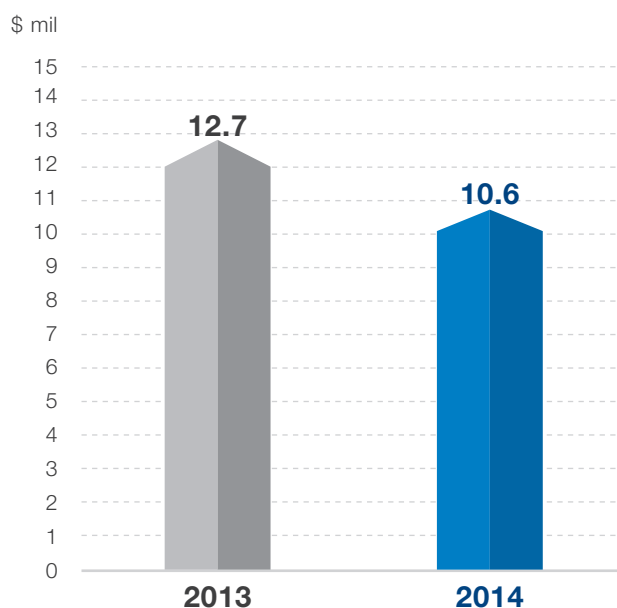


PROFIT BEFORE TAX

Profit before tax decreased by 17%
from \$12.7 million in 2013
to \$10.6 million in 2014.

-17%

\$10.6
MILLION

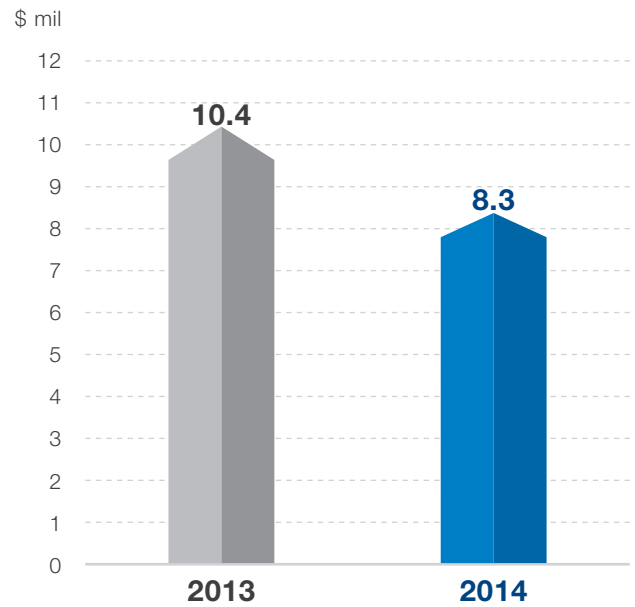


PROFIT AFTER TAX ATTRIBUTABLE TO SHAREHOLDERS

Profit after tax attributable to shareholders decreased by 20% from \$10.4 million in 2013 to \$8.3 million in 2014.

-20%

\$8.3
MILLION

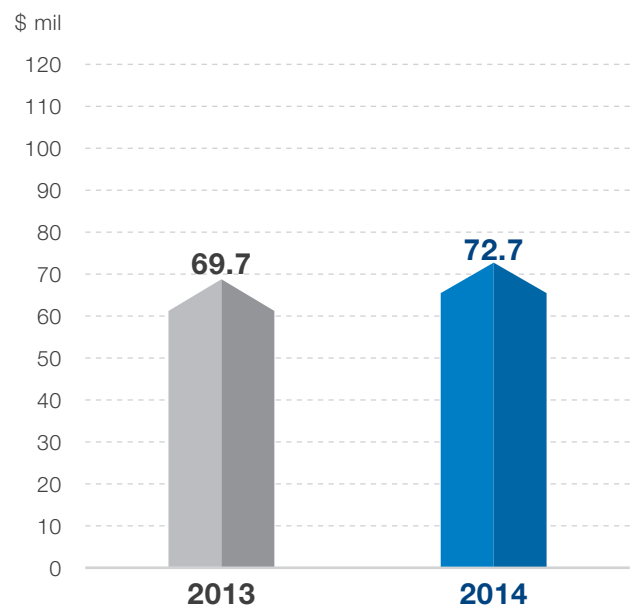


SHAREHOLDERS FUND

Shareholders' fund increased by 4% from \$69.7 million in 2013 to \$72.7 million in 2014.

+4%

\$72.7
MILLION



BOARD OF DIRECTORS



POH CHOON ANN CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Poh Choon Ann is Chairman of the Board and Chief Executive Officer, since 1999 and 1976 respectively.

Mr Poh Choon Ann has been in the logistics business for over 40 years. His leadership and foresight have enabled PTCL to grow to its present stature.

Mr Poh sits on the Board of the Nanyang Academy of Fine Arts Limited, is the Vice-Chairman of both the Nanyang Academy of Fine Arts and the Nanyang Fine Arts Foundation Ltd, and also the Vice-Chairman of Singapore Business Federation – China Business Group. Mr Poh is Honorary Chairman of National University of Singapore Chinese Studies Alumni Association,

Choral Association (Singapore), Singapore Writers Association, Singapore Literature Society and Association of Composers (Singapore). He is also Patron of the Musician Society of Singapore.



LEW SYN PAU LEAD INDEPENDENT DIRECTOR

Mr Lew Syn Pau has served as an independent director since 15 April 1999 and has been appointed as lead independent director of the Company on 1 January 2013. He is a Director of Capital Connections Pte Ltd.

He was formerly the Managing Director of NTUC Comfort, Executive Director of NTUC Fairprice, Assistant Secretary-General of the NTUC and General Manager and Senior Country Officer of Banque Indosuez.

A Singapore Government scholar, he holds a Masters in Engineering degree from Cambridge University, UK (1977) and a Masters in Business Administration degree from Stanford University,

USA (1984).

Mr Lew currently sits on the Boards of other public listed companies, namely Achieva Ltd, Broadway Industrial Group Ltd, Food Empire Holdings Ltd and Golden Agri-Resources Ltd. He has been a director of many other listed companies and statutory boards, including Singapore Telecommunications Ltd, Jurong Town Corporation and Ascendas Pte Ltd. He was a Member of Parliament from 1988 to 2001 and President of the Singapore Manufacturers' Federation from 2002 to 2006.



HONG HAI INDEPENDENT DIRECTOR

Dr Hong Hai, has served as an independent director since 26 June 2000. He is an Adjunct Professor, Nanyang Business School and Senior Fellow, Institute of Advanced Studies at Nanyang Technological University. Prior to this, he was Professor and Dean of Nanyang Business School and President and Chief Executive Officer of Haw Par Corporation Ltd.

He holds a first class honours degree in Electrical Engineering from University of Canterbury, Masters Degrees from Harvard University and Cambridge University, and PhDs from Carnegie-Mellon University and the London School of Economics.

Dr Hong serves on the Boards of China Merchants Holdings (Pacific) Limited and YTL Pacific Star REIT Management Limited. A former Member of Parliament and Chairman of the Parliamentary Select Committee on Land Transportation, he is an honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry.



POH KHIM HONG FINANCE DIRECTOR AND CHIEF FINANCIAL OFFICER

Ms Poh Khim Hong joined the Group in 1984 and has been the Finance Director and Chief Financial Officer since 1996. She oversees the financial and accounting aspects of the Group.

She holds a Bachelor of Science, Finance degree from the University of San Francisco, USA (1984).



POH KAY YONG EXECUTIVE DIRECTOR, CORPORATE SERVICES

Mr Poh Kay Yong joined the Group in 1984 and, since 1999, has been its Executive Director, Corporate Services Division in charge of human resources, administration and insurance.

He holds a Bachelor in Business Administration degree from the National University of Singapore (1984).



POH KEY BOON EXECUTIVE DIRECTOR TRANSPORTATION AND WAREHOUSING

Mr Poh Key Boon, joined the Group in 1975 and has been the Executive Director, Transportation and Warehousing Division since 1999. He oversees the transportation and warehousing business of the Group.

Mr Poh Key Boon is Vice Chairman of Yuhua Citizen's Consultative Committee, Treasurer of Singapore Logistics Association (SLA), Chairman of the Land Transportation Sub-Committee, SLA and is a Member of Workplace Safety and Health Council (WSH) Council (Logistics & Transport) Committee.



POH KAY PING, BBM, PBM, DIRECTOR

Mr Poh Kay Ping, joined the group in 1986 and was the Deputy Chief Executive Officer from 1996 to 2010. He stepped down as Deputy Chief Executive Officer of the Company to pursue his personal business interests in August 2010. He is still a member in the Board and was re-designated as a Non-Executive Director of the Company.

Mr Poh Kay Ping holds a Bachelor of Science degree in Engineering Physics from the University of San Francisco, USA (1985), a Masters in Business Administration degree from Oklahoma City University (1995) and attended the Program for Global Leadership at Harvard University's Graduate School of Business Administration (1998).

He holds several notable appointments in various organizations such as the Exco Member of Singapore National Shippers' Council, Council Members of National Crime Prevention Council and Singapore Road Safety Council, 1st Vice President of the Enterprise 50 Association and is the Chairman of CCMC of Ulu Pandan among others.

He was conferred the Public Service Medal, PBM (Pingat Bakti Masyarakat) and Public Service Star, BBM (Bintang Bakti Masyarakat) by the President of the Republic of Singapore in 2007 and 2013 respectively.

KEY EXECUTIVES

POH SIN CHOON, PBM

FOUNDER/GROUP ADVISER

Mr Poh Sin Choon was the Group Chairman until January 1999 when he was appointed Founder and Group Adviser. As Group Adviser, he provides advice to the Group on strategic business and operational matters. In 1950s, he founded the Company, taking on dual roles of lorry owner and operator. Through his foresight and entrepreneurial spirit, the business grew significantly through the years.

Mr Poh Sin Choon is the Chairman of both Sin Chua Investments Pte Ltd and Poh Sin Choon (Pte) Ltd. Mr Poh is also active socially. He is the Honorary Chairman, Adviser and Trustee of Lam Yong Poh Clan, Honorary Chairman and Trustee of Singapore Transport Association, Honorary Chairman of Centre of Activity and Recreation for the Elders and Honorary President of TAS Theatre Company Singapore Limited, the Vice Chairman of Cultural and Education Committee of Singapore-China Business Association, Honorary President and Association Advisor of Singapore Ann Kway Association, President of Singapore Literature Society and Director of The Chinese Opera Institute. He is also Patron of Ping Yi Secondary School Advisory Committee, Patron of Kampong Chai Chee Citizens' Consultative Committee and the Adviser of Pei Tong Primary School Advisory Committee.

POOH KEE WAT

GENERAL MANAGER,
Transportation

Mr PooH Kee Wat is General Manager of Transportation. He joined the Group in 1967 and heads

the Transportation Department, the largest Division in the Group. His operational and marketing experience is instrumental in growing the department to its present stature.

POH KAY CHEONG

GENERAL MANAGER, Bulk Cargo

Mr Poh Kay Cheong is General Manager of Bulk Cargo. He joined the Group on 1964 and has vast experience in handling bulk cargo commodities. Mr Poh's ability to engage with the ground staff, coupled with his personal and practical experience, have guided the development and growth of the department over the years.

POH KAY LEONG

CHIEF INFORMATION OFFICER

Mr Poh Kay Leong is the Chief Information Officer (CIO). He joined the Group in 1992 and is responsible for overseeing the Group's Information Technology (IT). He has successfully transformed the company from "manual data" operations to automated Supply Chain Management (SCM).

Mr Poh graduated in 1989 with a double honors degree in Bachelor of Science in Computer Science and Bachelor of Science in Mathematics from the University of San Francisco, USA.

Mr Poh currently holds the rank of Deputy Superintendent (NS) in the Singapore Police Force. He is also the Chairman of Chua Chu Kang Secondary School Advisory Committee, Member of Chua Chu Kang Constituency Citizens' Consultative Committee (CCC), Secretary of Chua Chu Kang

Community Centre Management Committee (CCMC) and Chua Chu Kang Constituency's New Media Champion.

FRANCIS LAI KWAN YEW

ASSISTANT GENERAL MANAGER,
Transportation

Mr Francis Lai Kwan Yew is the Assistant General Manager of Transportation. He joined the Group in 1995 as Manager of the Group's container depots and was promoted to his current position.

Mr Lai is an Associate Member of The Chartered Institute of Transport. He brings with him over 20 years of experience in container depot management and has accumulated a wealth of experience in transportation and its related industries.

ERIC CHAN SIANG BUCK

ASSISTANT GENERAL MANAGER,
Warehousing

Mr Eric Chan Siang Buck oversees the Warehousing as its Assistant General Manager. In his capacity, he is responsible for marketing the Company's warehousing services and oversees the drumming business which is an integrated part of the warehousing activities. He had previously served 8 years as a specialist in Air, Land & Sea Logistics in the military before joining the Group in 1995. Under his guidance and with his in-depth operational experience, Warehousing has grown steadily to its present stature.

TAN POH CHIN

SENIOR MANAGER, Accounts

Ms Tan Poh Chin is Senior Manager of Accounts. She joined the Company in 1980 as a Corporate Accountant and was promoted to her current position in 1999. She is responsible for the accounting functions of the Group. Ms Tan holds a Bachelor of Commerce degree in Accountancy from Nanyang University (1978), is qualified as a Chartered Accountant of Singapore and is a member of the Institute of Singapore Chartered Accountants.

**KATHERINE TEO
BENG HUA**SENIOR ADMINISTRATION
MANAGER, Transportation

Mrs Katherine Chew is Senior Administration Manager and she oversees the administration support to the Transportation Department. She joined the Group in 1988 and was transferred from Corporate Services to Transportation Department as a Manager in 2004.

Her management skills and capabilities contribute to the Department's growth and development.

**NG AH HUAT @
STEVE HUANG Yafa**SENIOR OPERATIONS MANAGER,
Transportation

Mr Steve Huang is Senior Operations Manager of Transportation. He joined the Group since 1972 and has vast experience in the transportation industry, especially in the field of heavy haulage operations. He and his team were responsible for numerous

challenging projects from 1982 to 2000. In addition to managing the daily operations of the Transportation department, he is also actively involved in the Group's third party logistics projects, which caters to the Group's key clients.

LESHAN BOOSENIOR MANAGER,
Supply Chain Management

Ms Leshan Boo joined the Group in 1999 and oversees the Customer Service team. She also assisted the Assistant General Manager in the marketing of the Group's warehousing services. She holds a Bachelor of Management in Logistics and Supply Chain Management from the University of South Australia.

LOH CHIA WEESENIOR MANAGER, Health, Safety,
Environment & Quality

Mr Loh Chia Wee, Senior Manager of Environment and Quality, graduated from the Nanyang Technological University with a Bachelor Degree in Mechanical Engineering. He joined the Group in 1999 and is certified Workplace Safety and Health Officer as well as Fire Safety Manager, registered with the Ministry of Manpower and Singapore Civil Defence Force respectively. Mr Loh also oversees the administration of the occupational and fire safety management system in the company.

BENNY MAOSENIOR MANAGER,
Information Technology

Mr Benny Mao is Senior Manager of Information Technology, graduated from National University of

Singapore with Bachelor of Business Administration in Finance and Logistics. He joined the Company in 2002 as a system developer. Some of his qualifications in information technology include PMP, MCSD, MCDBA and OCP, among others. He is also a member of Mensa Singapore since 2007.

**ALEX
LO MAN FAI**SENIOR MANAGER (China Desk)/
PROJECT MANAGER

Mr Alex Lo Man Fai is the Senior Manager (China Desk)/Project Manager with the responsibilities of overseeing the operations & business development of PTC Shanghai and as the overall project-in-charge for the redevelopment project of our 42 & 48 Pandan Road headquarter.

Mr Lo previously joined PTC back in year 2000 as Project Manager for the development and construction of our PTC Chemical Logistics Complex in Jurong Island. He left the company in 2003 to pursue other interest and rejoined PTC in February 2014. Mr Lo has over 20 years of working experience in China. He also brings with him vast experience and contacts in S.E & N.E Asia, and Middle East in general business and construction works. Mr Lo is a member of the Project Management Institute and a certified Fire Safety Manager by the Singapore Civil Defence Force.

OPERATIONAL REVIEW



TRANSPORTATION AND BULK CARGO

Increased sales volume in FY2014 drove the Transportation and Bulk Cargo Division's revenue up by 7% to S\$95.8 million. The biggest revenue contributor accounting for 76% of total Group revenue, the Division secured new contracts and recorded an expanded volume from existing customers during the year. Profit, however, dipped 15% to S\$5.6 million mainly due to losses incurred by an overseas subsidiary.

The Division, which provides the main core business in land transportation, stevedoring and equipment hire services, will continue to boost capabilities and strengthen its long-term competitiveness. The Division will expand its depth and breadth of services so as to effectively ride the growing outsourcing trend for transportation and cargo handling.

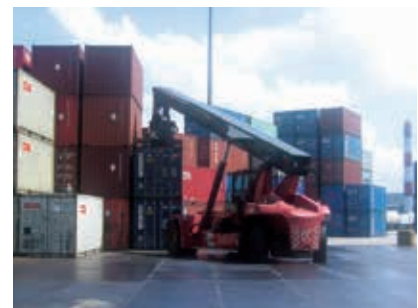
Looking ahead, diesel prices, rising wages and shortage of labour will continue to impact operations. To tackle these challenges, focus will be placed on raising productivity via increased automation and skill sets upgrading, while cost structure will be kept lean and efficient. The Division will also explore ways to attract and retain local workers to mitigate the problem of foreign labour shortage.

WAREHOUSING

Revenue from the Warehousing Division, which included the drumming operations, rose 14%, driven by increased sales volume and new contracts. The division was battling against space constraints to cope with the increased volume and to house the warehousing department in preparation for the redevelopment of 42 Pandan Road. Higher rental costs and increase in property, plant and equipment exerted a downward pressure on profit, which dipped 30% to S\$2.6 million.



Following the successful lease renewal of the Group's anchor premises at 42 and 48 Pandan Road for a further term of 24 years 4 months commencing 1 July 2019, works are currently being carried out to demolish the existing buildings and structures, and construct a single user general warehouse comprising a ramped-up warehouse building with a block of office space, and ancillary facilities (Redevelopment Project). Upon completion in February 2018, the Group will have a larger space to consolidate its supply chain business activities. The Redevelopment Project will address limited space availability



encountered by the Warehousing Division, and limit its exposure to rental rate increases for third party warehouses when completed.

During this time, the Warehousing Division expects to record an increase in rental costs as it leases third party warehouses in various locations to support operations.

Looking ahead, the demand for chemical warehousing is expected to remain strong. Over the years, the Division has built a strong track record in providing warehousing and drumming for chemical products and hazardous cargos. It will continue to ride on this strength, and build on its high-density automated drumming and warehousing capabilities to heighten customer retention and attract new ones.

TRADING

The sole activity of the Trading Division is on the sale of diesel to industries. Revenue from Trading Division declined 9% to S\$5.1 million

due to the sliding diesel prices in FY2014, generating a marginal profit of S\$0.1 million.

LEASING

The Leasing Division is the most stable business unit of the Group and continues to generate a steady income. The Division sub-leases a portion of its premises at Jurong

Island to Stolt Container Terminal, and its factory building at Tuas Bay Drive to a multinational company servicing the oil and gas industry. In FY2014, it recorded revenue and profit of S\$3.8 million and S\$2.6 million respectively.



CORPORATE INFORMATION

BOARD OF DIRECTORS

POH CHOON ANN

(Chairman and CEO)

POH KHIM HONG

(Finance Director and CFO)

POH KAY YONG

(Executive Director)

POH KEY BOON

(Executive Director)

POH KAY PING

(Director)

LEW SYN PAU

(Lead Independent Director)

DR HONG HAI

(Independent Director)

AUDIT COMMITTEE

LEW SYN PAU *(Chairman)*

DR HONG HAI

POH KHIM HONG

NOMINATING COMMITTEE

DR HONG HAI *(Chairman)*

LEW SYN PAU

POH CHOON ANN

REMUNERATION COMMITTEE

DR HONG HAI *(Chairman)*

LEW SYN PAU

POH CHOON ANN

COMPANY SECRETARIES

KOH EE KOON

KOH GEOK HOON, JUDY

REGISTERED OFFICE/ CORPORATE OFFICE

48 Pandan Road

Singapore 609289

Telephone: (65) 62682522

Facsimile: (65) 62643394

Email: sales@ptclogistics.com.sg

Website: www.ptclogistics.com.sg

OPERATIONS HEADQUARTER

PTC CHEMICAL LOGISTICS
COMPLEX

21 Ayer Merbau Road

Jurong Island

Singapore 627858

Telephone: (65) 68969888

Facsimile: (65) 62678790

SHARE REGISTRAR

TRICOR BARBINDER SHARE
REGISTRATION SERVICES

80 Robinson Road, #02-00

Singapore 068898

Telephone: (65) 62363333

Facsimile: (65) 62678790

AUDITORS

PRICEWATERHOUSECOOPERS
LLP

8 Cross Street #17-00

PWC Building

Singapore 048424

Partner-in-charge: Tan Bee Nah

(appointed in 2010)

LEGAL ADVISERS

WONGPARTNERSHIP LLP

12 Marina Boulevard Level 28

Marina Bay Financial Centre

Tower 3

Singapore 018982

DONALDSON & BURKINSHAW

24 Raffles Place

#15-00 Clifford Centre

Singapore 048621

GURBANI & CO

78 Shenton Way #31-02

Singapore 079120

PRINCIPAL BANKERS

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

1 Raffles Place #32-00

One Raffles Place

Singapore (048616)

MALAYAN BANKING BERHAD

2 Battery Road

Maybank Tower

Singapore 049907

OVERSEA-CHINESE BANKING
CORPORATION LIMITED

65 Chulia Street

OCBC Centre

Singapore 049513

STANDARD CHARTERED BANK

8 Marina Boulevard, Level 24

Marina Bay Financial Centre

Tower 1

Singapore 018981

THE HONG KONG AND SHANGHAI
BANKING CORPORATION LTD

21 Collyer Quay #08-01

HSBC Building

Singapore 049320

THE DEVELOPMENT BANK OF
SINGAPORE LTD

12 Marina Boulevard Level 46

DBS Asia Central @ Marina Bay

Financial Centre Tower 3

Singapore 018982

UNITED OVERSEAS BANK LIMITED

80 Raffles Place

UOB Plaza

Singapore 048624

DATE AND COUNTRY OF INCORPORATION

21 January 1969

Singapore

DATE OF LISTING ON THE MAIN BOARD

of the Singapore Exchange

Securities Trading Limited

(SGX Main Board)

29 April 1999

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the balance sheet of the Company as at 31 December 2014.

Directors

The directors of the Company in office at the date of this report are as follows:

Mr Poh Choon Ann (Chairman and Chief Executive Officer)
 Ms Poh Khim Hong
 Mr Poh Kay Yong
 Mr Poh Key Boon
 Mr Poh Kay Ping
 Mr Lew Syn Pau
 Dr Hong Hai

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2014	At 1.1.2014	At 31.12.2014	At 1.1.2014
Company				
(No. of ordinary shares)				
Mr Poh Choon Ann	–	–	51,429,000	51,429,000
Ms Poh Khim Hong	–	–	51,429,000	51,429,000
Mr Poh Key Boon	261,000	261,000	500,000	500,000

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Directors' interests in shares or debentures (continued)

- (b) Mr Poh Choon Ann and Ms Poh Khim Hong, who by virtue of their interests of not less than 20% of the issued capital of the Company, are deemed to have interests in the whole of the share capital of the Company's wholly-owned subsidiaries and in the shares held by the Company in the following subsidiaries that are not wholly-owned by the Group:

	<u>At 31.12.2014</u>	<u>At 1.1.2014</u>
PTC-Chien Li Transportation Pte Ltd		
– No. of ordinary shares	375,000	375,000
PTC-Xin Hua Transportation Pte Ltd		
– No. of ordinary shares	400,000	400,000
PTC Development Pte. Ltd.		
– No. of ordinary shares	82,000	82,000
PTC-Qianyang Technology Pte. Ltd.		
– No. of ordinary shares	1,239,150	1,239,150
PTC-Xin Hua Logistics (Malaysia) Sdn Bhd		
– No. of ordinary shares	80	80
PTC Yukuan Logistics (Shanghai) Co., Ltd		
– Registered and issued share capital	RMB1,300,000	RMB1,300,000

- (c) The directors' interests in the ordinary shares of the Company as at 21 January 2015 were the same as those as at 31 December 2014.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Mr Lew Syn Pau (Chairman)

Dr Hong Hai

Ms Poh Khim Hong

All members of the Audit Committee were independent non-executive directors, except for Ms Poh Khim Hong who is the Finance Director and Chief Financial Officer of the Group.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

POH KAY YONG
Director

POH KHIM HONG
Director

30 March 2015

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 28 to 86 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

POH KAY YONG
Director

30 March 2015

POH KHIM HONG
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POH TIONG CHOON LOGISTICS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Poh Tiong Choon Logistics Limited (the "Company") and its subsidiaries (the "Group") set out on pages 28 to 86, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2014, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POH TIONG CHOON LOGISTICS LIMITED

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 30 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
Revenue	4	126,155	117,424
Other income	5	53	42
Other gains	5	454	596
Other losses	5	(659)	–
Expenses			
– Cost of inventories sold		(4,540)	(5,019)
– Employee compensation	6	(50,730)	(44,672)
– Upkeep of commercial vehicles		(16,085)	(17,172)
– Sub-contractors charges		(13,152)	(12,578)
– Depreciation of property, plant and equipment	16	(11,074)	(8,752)
– Rental on operating leases		(5,994)	(4,426)
– Insurance		(2,555)	(2,368)
– Travelling and transportation		(1,122)	(849)
– Depreciation of investment properties	17	(794)	(794)
– Finance	7	(346)	(370)
– Amortisation of intellectual property rights	18	(90)	(38)
– Other		(9,020)	(8,239)
Total expenses		(115,502)	(105,277)
Share of profits/(losses) of joint ventures	14	52	(43)
Profit before income tax		10,553	12,742
Income tax expense	8(a)	(1,686)	(1,604)
Total profit		8,867	11,138
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation gains arising from consolidation		27	223
Other comprehensive income, net of tax		27	223
Total comprehensive income		8,894	11,361
Profit attributable to:			
Equity holders of the Company		8,271	10,402
Non-controlling interests		596	736
		8,867	11,138
Total comprehensive income attributable to:			
Equity holders of the Company		8,298	10,625
Non-controlling interests		596	736
		8,894	11,361
Earnings per share attributable to equity holders of the Company			
– Basic earnings per share	9	3.85 cents	4.84 cents
– Diluted earnings per share	9	3.85 cents	4.84 cents

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2014

		Group		Company	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	10	20,905	16,045	17,719	13,522
Trade and other receivables	11	22,317	18,946	31,995	18,204
Inventories	12	203	77	–	–
Other current assets	13	3,079	2,900	1,940	1,831
		<u>46,504</u>	<u>37,968</u>	<u>51,654</u>	<u>33,557</u>
Non-current assets					
Trade and other receivables	11	1,969	1,773	2,115	2,115
Investments in joint ventures	14	1,039	987	788	788
Investments in subsidiaries	15	–	–	5,668	6,291
Property, plant and equipment	16	64,329	52,043	44,959	42,639
Investment properties	17	21,611	22,405	4,932	5,222
Intangible assets	18	367	450	–	–
Other non-current assets	19	651	338	390	51
		<u>89,966</u>	<u>77,996</u>	<u>58,852</u>	<u>57,106</u>
Total assets		<u>136,470</u>	<u>115,964</u>	<u>110,506</u>	<u>90,663</u>
LIABILITIES					
Current liabilities					
Trade and other payables	20	22,394	18,808	27,751	20,456
Current income tax liabilities	8(b)	1,448	1,822	722	1,120
Borrowings	21	16,146	5,200	13,442	3,000
		<u>39,988</u>	<u>25,830</u>	<u>41,915</u>	<u>24,576</u>
Non-current liabilities					
Trade and other payables	20	7,140	6,847	4,979	4,557
Borrowings	21	6,484	3,828	1,671	–
Deferred income tax liabilities	23	6,513	6,193	4,571	4,784
		<u>20,137</u>	<u>16,868</u>	<u>11,221</u>	<u>9,341</u>
Total liabilities		<u>60,125</u>	<u>42,698</u>	<u>53,136</u>	<u>33,917</u>
NET ASSETS		<u>76,345</u>	<u>73,266</u>	<u>57,370</u>	<u>56,746</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	30,244	30,244	30,244	30,244
Currency translation reserve	25	178	151	–	–
Retained profits	26	42,228	39,332	27,126	26,502
		<u>72,650</u>	<u>69,727</u>	<u>57,370</u>	<u>56,746</u>
Non-controlling interests		<u>3,695</u>	<u>3,539</u>	<u>–</u>	<u>–</u>
Total equity		<u>76,345</u>	<u>73,266</u>	<u>57,370</u>	<u>56,746</u>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

← Attributable to equity holders of the Company →						
Note	Share capital \$'000	Currency translation reserve \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
2014						
Beginning of financial year	30,244	151	39,332	69,727	3,539	73,266
Profit for the year	–	–	8,271	8,271	596	8,867
Other comprehensive income for the year	–	27	–	27	–	27
Total comprehensive income for the year	–	27	8,271	8,298	596	8,894
Dividends paid	–	–	(5,375)	(5,375)	–	(5,375)
Dividends paid to non-controlling interests	–	–	–	–	(440)	(440)
Total transactions with owners, recognised directly in equity	–	–	(5,375)	(5,375)	(440)	(5,815)
End of financial year	30,244	178	42,228	72,650	3,695	76,345
2013						
Beginning of financial year	30,244	(72)	33,768	63,940	3,057	66,997
Profit for the year	–	–	10,402	10,402	736	11,138
Other comprehensive income for the year	–	223	–	223	–	223
Total comprehensive income for the year	–	223	10,402	10,625	736	11,361
Dividends paid	–	–	(4,838)	(4,838)	–	(4,838)
Dividends paid to non-controlling interests	–	–	–	–	(665)	(665)
Capital injection from non-controlling interest	–	–	–	–	411	411
Total transactions with owners, recognised directly in equity	–	–	(4,838)	(4,838)	(254)	(5,092)
End of financial year	30,244	151	39,332	69,727	3,539	73,266

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Total profit		8,867	11,138
Adjustments for:			
– Depreciation of property, plant and equipment	16	11,074	8,752
– Depreciation of investment properties	17	794	794
– Amortisation of intangible assets	18	90	38
– Gain on disposal of property, plant and equipment	5	(255)	(310)
– Write-off of property, plant and equipment	5	659	–
– Income tax expense	8(a)	1,686	1,604
– Interest expense	7	346	370
– Interest income	5	(53)	(42)
– Share of (profits)/losses of joint ventures	14	(52)	43
		23,156	22,387
Change in working capital			
– Trade and other receivables		(3,567)	(125)
– Inventories		(126)	(7)
– Other current and non-current assets		(206)	59
– Trade and other payables		1,985	1,918
Cash generated from operations		21,242	24,232
Income tax paid	8(b)	(1,740)	(1,153)
Interest paid		(288)	(312)
Net cash provided by operating activities		19,214	22,767
Cash flows from investing activities			
Interest received		53	42
Proceeds from disposal of property, plant and equipment		346	571
Purchase of intangible asset		(44)	(225)
Additions to property, plant and equipment		(16,948)	(7,373)
Net cash used in investing activities		(16,593)	(6,985)
Cash flows from financing activities			
Dividends paid to equity holders of the Company		(5,375)	(4,838)
Dividends paid to non-controlling interests		(440)	(665)
Capital injection from non-controlling interest		–	411
Proceeds from borrowings		21,362	2,000
Repayments of borrowings		(12,562)	(11,962)
Repayments of lease liabilities		(775)	(791)
Net cash provided by/(used in) financing activities		2,210	(15,845)
Net increase/(decrease) in cash and cash equivalents		4,831	(63)
Cash and cash equivalents			
Beginning of financial year		16,045	15,913
Effects of currency translation on cash and cash equivalents		29	195
End of financial year	10	20,905	16,045

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Poh Tiong Choon Logistics Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 48 Pandan Road, Singapore 609289.

The principal activities of the Company consist of the provision of services relating to land transportation, warehousing, stevedoring, container services, equipment renting, leasing and general contracting.

The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Rendering of services

Revenue from rendering of services is recognised in the period in which the services are rendered.

(b) Sale of goods

Revenue from sale of goods is recognised when the Group has delivered the products to its customer and the customer has accepted the products in accordance with the sales contract and collectability of the related receivables is reasonably assured.

(c) Rental income from investment properties

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(d) Interest income

Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(a) *Subsidiaries (continued)*

(i) *Consolidation (continued)*

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(a) *Subsidiaries (continued)*

(ii) *Acquisitions (continued)*

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph “Intangible assets – Goodwill” for the subsequent accounting policy on goodwill.

(iii) *Disposals*

When a change in the Group’s ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph “Investments in subsidiaries and joint ventures” for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) *Joint ventures*

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(c) *Joint ventures (continued)*

(i) *Acquisitions*

Investments in joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on joint ventures represents the excess of the cost of acquisition of the joint venture over the Group's share of the fair value of the identifiable net assets of the joint venture and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

In applying the equity method of accounting, the Group's share of its joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in a joint venture equals to or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investments in joint ventures are derecognised when the Group loses joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and joint ventures" for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Component of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.6 on borrowing costs) that are directly attributable to the acquisition, construction or production of a qualifying asset.

(iii) *Provision for dismantlement, removal and restoration*

The projected cost of dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

(b) *Depreciation*

Assets under construction are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Properties on leasehold land	2.5 – 60 years*
Commercial vehicles	8 – 12 years
Machinery and equipment	3 – 20 years
Barges	5 – 10 years
Computer and accessories	3 – 5 years
Motor vehicles	8 years
Office equipment, furniture and fittings	5 – 10 years

* During the financial year, the Group reviewed and revised the useful lives for certain properties on leasehold land. Please refer to Note 16 for further details.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (continued)

(b) Depreciation (continued)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/losses – net".

2.5 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (a) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquire over the (b) fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint ventures represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable net assets acquired.

Goodwill on subsidiaries and businesses is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, businesses and joint ventures include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and not recognised in profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible assets (continued)

(b) Other intangible assets

Other intangible assets consist of acquired intellectual property rights and in-house developed patents.

Intellectual property rights acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 3 years, which is the shorter of their estimated useful lives and periods of contractual rights.

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of patents are capitalised as intangible assets only when technical feasibility of the patent is demonstrated, the Group has an intention and ability to complete and use the patent and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the development of the patent. These costs are amortised to profit or loss using the straight-line method over 3 years, which is the shorter of their estimated useful lives and registration expiry dates.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the assets under construction. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.7 Investment properties

Investment properties include those buildings that are held for long-term rental yields and/or for capital appreciation and lands under operating leases that are held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 20 to 100 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment properties (continued)

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its carrying value at the date of reclassification becomes its cost for accounting purposes.

Investment properties are subject to renovations or improvement at regular interval. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised to profit or loss when incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

2.8 Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

2.9 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (continued)

- (b) *Intangible assets*
Property, plant and equipment
Investment properties
Investments in subsidiaries and joint ventures

Intangible assets, property, plant and equipment, investment properties and investments in subsidiaries and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.10 Financial assets

- (a) *Classification*

The Group classifies its financial assets as loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "cash and cash equivalents", "trade and other receivables", "other current assets" and "other non-current assets" on the balance sheet, except for loan to a subsidiary included within non-current trade and other receivables, which in substance forms part of the Company's net investment in the subsidiary ("quasi-equity loan"), and has been accounted for in accordance with Note 2.8.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values (if material) plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intragroup transactions are eliminated on consolidation.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.15 Leases

(a) *When the Group is the lessee:*

(i) *Lessee – Finance leases*

The Group leases commercial vehicles under finance leases and certain property, plant and equipment and warehouses under operating leases from non-related parties.

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *When the Group is the lessor:*

Lessor – Operating leases

The Group leases investment properties under operating leases to non-related parties.

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

(b) *When the Group is the lessor: (continued)*

Lessor – Operating leases (continued)

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and spares and consumables is determined based on invoiced value, net of goods and services tax. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Income taxes (continued)

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.20 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants receivable are recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are offset against the related expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in the other comprehensive income. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.25 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Impairment of property, plant and equipment*

Property, plant and equipment are reviewed for impairment whenever there is an indication that these assets may be impaired. The Group considers the guidance of FRS 36 in assessing whether there is any indication that an item of the above assets may be impaired. This assessment requires management's judgement.

If any of such indication exists, the recoverable amount of the asset is estimated and compared to the carrying to ascertain the amount of impairment loss. The recoverable amount is defined as the higher of the fair value less cost to sell and value in use.

In determining the value in use of assets, the Group applies a discounted cash flow model where the future cash flows derived from such assets are discounted at an appropriate rate. Forecasts of future cash flow are estimated based on financial budgets and forecasts approved by the management.

Based on management's assessment, there is no indication of impairment as at the balance sheet date.

(b) *Useful lives and residual values of property, plant and equipment*

The Group reviews the appropriateness of the useful lives and residual values of property, plant and equipment at each balance sheet date. Changes in the expected level of usage and technological advancements could impact the economic useful lives and residual values of these assets. Where there is a material change in the useful lives and residual values of property, plant and equipment, such a change may impact the future depreciation charges in the financial period in which the change arises.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. REVENUE

	Group	
	2014 \$'000	2013 \$'000
Rendering of services	117,282	108,023
Sale of goods	5,121	5,648
Rental income from investment properties	3,752	3,753
Total revenue	<u>126,155</u>	<u>117,424</u>

5. OTHER INCOME, OTHER GAINS AND OTHER LOSSES

	Group	
	2014 \$'000	2013 \$'000
Other income – Interest income	<u>53</u>	<u>42</u>
Other gains		
– Gain on disposal of property, plant and equipment	255	310
– Other	<u>199</u>	<u>286</u>
	<u>454</u>	<u>596</u>
Other losses – Write off of property, plant and equipment (Note 16)	<u>(659)</u>	<u>–</u>

6. EMPLOYEE COMPENSATION

	Group	
	2014 \$'000	2013 \$'000
Wages and salaries	44,844	39,590
Employer's contribution to defined contribution plans including Central Provident Fund	<u>5,886</u>	<u>5,082</u>
	<u>50,730</u>	<u>44,672</u>

7. FINANCE EXPENSE

	Group	
	2014 \$'000	2013 \$'000
Interest expenses		
– Bank borrowings	253	287
– Finance lease liabilities	35	25
– Non-current rental deposit: unwinding of discount	<u>58</u>	<u>58</u>
	<u>346</u>	<u>370</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

8. INCOME TAXES

(a) Income tax expense

	Group	
	2014	2013
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
– Current income tax	1,429	1,803
– Deferred income tax (Note 23)	293	(117)
	1,722	1,686
(Over)/under provision in prior financial years:		
– Current income tax	(63)	(82)
– Deferred income tax (Note 23)	27	–
	(36)	(82)
	1,686	1,604

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2014	2013
	\$'000	\$'000
Profit before tax	10,553	12,742
Share of (profits)/ losses of joint ventures	(52)	43
Profit before tax and share of (profits)/losses of joint ventures	10,501	12,785
Tax calculated at a tax rate of 17% (2013: 17%)	1,785	2,173
Effects of		
– Different tax rates in other countries	(82)	(36)
– Expenses not deductible for tax purposes	100	108
– Income not subject to tax	(4)	–
– Tax incentives	(272)	(264)
– Statutory stepped income exemption	(116)	(123)
– Deferred tax assets not recognised	467	138
– Utilisation of previously unrecognised deferred tax assets	(156)	(310)
– Overprovision in prior financial years	(36)	(82)
Tax charge	1,686	1,604

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

8. INCOME TAXES (CONTINUED)

(b) Movements in current income tax liabilities

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	1,822	1,254	1,120	542
Income tax paid	(1,740)	(1,153)	(1,104)	(481)
Tax expense	1,429	1,803	1,216	1,349
Group relief transferred from a subsidiary	—	—	(494)	(229)
Over provision in prior financial years	(63)	(82)	(16)	(61)
End of financial year	1,448	1,822	722	1,120

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2014	2013
Net profit attributable to equity holders of the Company (\$'000)	8,271	10,402
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	215,018	215,018
Basic earnings per share (cents per share)	3.85 cents	4.84 cents

Diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares. As the Company has no dilutive potential ordinary shares, diluted earnings per share is the same as basic earnings per share.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	11,905	14,031	8,719	11,508
Short-term bank deposits	9,000	2,014	9,000	2,014
	20,905	16,045	17,719	13,522

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<i>Current</i>				
Trade receivables:				
– Non-related parties	22,533	19,306	19,618	14,899
– Joint ventures	10	8	10	8
– Related parties	75	64	75	64
Less: Allowance for impairment of receivables				
– non-related parties	(399)	(524)	(265)	(265)
Trade receivables – net	22,219	18,854	19,438	14,706
Non-trade receivables:				
– Subsidiaries	–	–	13,120	4,053
Less: Allowance for impairment of receivables				
– subsidiaries	–	–	(590)	(590)
Staff loans	98	92	27	35
	22,317	18,946	31,995	18,204
<i>Non-current</i>				
Trade receivables from non-related parties	1,969	1,773	–	–
Loan to a subsidiary	–	–	2,115	2,115
	1,969	1,773	2,115	2,115

- (a) Related parties are corporations in which the directors or substantial shareholders of the Company have significant influence or interests.
- (b) Included in non-trade receivables from subsidiaries is \$9,172,700 (2013: \$nil) which is interest-bearing at 1.3% per annum, unsecured and repayable on demand. The remaining amount is unsecured, interest-free and repayable on demand.
- (c) The loan to a subsidiary is unsecured, interest-free and is repayable upon occurrence of certain events as stipulated in the loan agreement. However, the Company has assessed that settlement of the loan is neither planned nor likely to occur in the foreseeable future as the loan is intended to be a long-term source of additional capital for the subsidiary. As a result, management considers the loan to be in substance part of the Company's net investment in the subsidiary, and has stated the loan at cost in accordance to Note 2.8.

At the balance sheet date, the carrying amounts of non-current trade and other receivables, excluding the loan to a subsidiary, approximated their fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

12. INVENTORIES

	Group	
	2014 \$'000	2013 \$'000
Finished goods	35	77
Spares and consumables	168	–
	203	77

The cost of inventories recognised as an expense and included in “cost of inventories sold” amounted to \$4,540,000 (2013: \$5,019,000).

13. OTHER CURRENT ASSETS

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Deposits	605	751	371	537
Prepayments	2,055	1,792	1,221	1,115
Other receivables	419	357	348	179
	3,079	2,900	1,940	1,831

14. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Equity investment at cost			978	978
Less: Accumulated impairment losses			(190)	(190)
			788	788
Beginning of financial year	987	1,030		
Share of profits/(losses)	52	(43)		
End of financial year	1,039	987		

In the previous financial year, the Company liquidated a joint venture, Stolt-PTC Chemicals Distribution Pte. Ltd., which had been dormant since 1 July 2009.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

14. INVESTMENTS IN JOINT VENTURES (CONTINUED)

- (a) Set out below are the joint ventures of the Group as at 31 December 2014, which, in the opinion of the directors, are not material to the Group. The joint ventures as listed below are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Name of company	Principal activities	Country of business/ incorporation	Equity holding	
			2014 %	2013 %
Hai Poh Terminals Pte Ltd*	Stevedoring and terminal operations	Singapore	50.0	50.0
P.T.C. Logistics Mena L.L.C.#	Freight forwarding	Kingdom of Saudi Arabia	50.1	50.1

* Audited by UHY Lee Seng Chan & Co, Singapore.

Inactive.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 \$'000	2013 \$'000
<i>Equity investments at cost:</i>		
Beginning of financial year	7,262	6,023
Incorporation of subsidiaries	–	1,239
End of financial year	7,262	7,262
<i>Accumulated impairment losses:</i>		
Beginning of financial year	(971)	(971)
Impairment charge	(623)	–
End of financial year	(1,594)	(971)
Carrying amount		
End of financial year	5,668	6,291

In the current financial year, the carrying value of the Company's investment in an overseas subsidiary is written down to its recoverable amount determined based on its share of the subsidiary's net assets.

In the previous financial year, the Group incorporated the following subsidiaries:

- (a) a 80% owned subsidiary, PTC-Xin Hua Logistics (Malaysia) Sdn. Bhd., in Malaysia, with a paid-up capital of 100 Malaysian Ringgit (approximately \$32).
- (b) a 75.1% owned subsidiary, PTC-Qianyang Technology Pte. Ltd., in Singapore, with a paid-up share capital of \$1,650,000 comprising 1,650,000 ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

At the balance sheet date, the details of the subsidiaries are as follows:

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by parent and the Group		Proportion of ordinary shares held by non-controlling interest	
			2014 %	2013 %	2014 %	2013 %
PTC-Chien Li Transportation Pte Ltd*	Land transportation, container services, equipment renting and general contracting	Singapore	75	75	25	25
PTC-Xin Hua Transportation Pte Ltd*	Land transportation, container services, equipment renting, and general contracting	Singapore	80	80	20	20
Bitubulk Pte. Ltd.*	Trading in diesel	Singapore	100	100	–	–
PTC Development Pte. Ltd.*	Rental of an industrial property	Singapore	82	82	18	18
PTC Delivery2home Pte. Ltd. (formerly known as Delivery2home Pte. Ltd.)*	Dormant	Singapore	100	100	–	–
Poh Tiong Choon Logistics (Shanghai) Ltd**	Cargo handling, warehousing and transportation services	People's Republic of China	100	100	–	–
PTC Express Pte. Ltd.*	Freight forwarding and barge leasing services	Singapore	100	100	–	–
PTC Marine Private Limited*	Operation of barges, stevedoring and lighterage services	Singapore	100	100	–	–
PTC-Qianyang Technology Pte. Ltd.*	Research, develop and provide logistics advisory services	Singapore	75.1	75.1	24.9	24.9
PTC-Xin Hua Logistics (Malaysia) Sdn. Bhd***	Land transportation, container services and general contracting	Malaysia	80	80	20	20
Held by Poh Tiong Choon Logistics (Shanghai) Ltd						
PTC Yukuan Logistics (Shanghai) Co., Ltd **	Warehouse and transportation services	People's Republic of China	65	65	35	35

* Audited by PricewaterhouseCoopers LLP, Singapore.

** Audited by Shanghai LSC Certified Public Accountants Co., Ltd, People's Republic of China.

*** Audited by Foo, Lee, An & Associates, Malaysia.

In compliance with Rule 1207(6) of the SGX Listing Manual, the Board of Directors and the Audit Committee, having reviewed the adequacy of the resources and experience of PricewaterhouseCoopers LLP, the audit engagement partner assigned to the audit, their other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the audit, were satisfied that the Group had complied with Rules 712 and 715 of the SGX Listing Manual.

In accordance with Rule 716 of The Singapore Exchange Securities Trading Limited – Listing rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and joint ventures would not compromise the standard and effectiveness of the audit of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Transactions with non-controlling interest

There were no transactions with non-controlling interests for the financial years ended 31 December 2014 and 2013.

Carrying value of non-controlling interest

	2014 \$'000
PTC-Chien Li Transportation Pte Ltd	611
PTC-Xin Hua Transportation Pte Ltd	1,500
PTC Development Pte. Ltd.	1,660
PTC-Qianyang Technology Pte. Ltd.	37
Others	(113)
	<u>3,695</u>

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised balance sheet

	PTC-Chien Li Transportation Pte Ltd		PTC-Xin Hua Transportation Pte Ltd	
	As at 31 December		As at 31 December	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Current				
Assets	2,580	2,880	7,308	4,803
Liabilities	1,094	1,374	3,640	2,823
Total current net assets	<u>1,486</u>	<u>1,506</u>	<u>3,668</u>	<u>1,980</u>
Non-current				
Assets	1,046	1,082	6,903	4,336
Liabilities	88	52	3,072	855
Total non-current net assets	<u>958</u>	<u>1,030</u>	<u>3,831</u>	<u>3,481</u>
Net assets	<u>2,444</u>	<u>2,536</u>	<u>7,499</u>	<u>5,461</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised balance sheet (continued)

	PTC Development Pte. Ltd.		PTC-Qianyang Technology Pte. Ltd.	
	As at 31 December		As at 31 December	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Current				
Assets	959	499	688	174
Liabilities	5,296	5,192	2,470	784
Total current (liabilities)/net assets	(4,337)	(4,693)	(1,782)	(610)
Non-current				
Assets	18,865	19,199	1,929	2,029
Liabilities	5,307	6,610	–	–
Total non-current net assets	13,558	12,589	1,929	2,029
Net assets	9,221	7,896	147	1,419

Summarised statement of comprehensive income

	PTC-Chien Li Transportation Pte Ltd		PTC-Xin Hua Transportation Pte Ltd	
	For the year ended 31 December		For the year ended 31 December	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Revenue	4,832	4,617	19,103	17,308
Profit before income tax	1,016	697	2,872	2,578
Income tax expense	(108)	(60)	(334)	(269)
Profit after income tax	908	637	2,538	2,309
Other comprehensive income	–	–	–	–
Total comprehensive income	908	637	2,538	2,309
Total comprehensive income allocated to non-controlling interests	227	159	507	462
Dividends paid to non-controlling interests	250	125	100	450

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised statement of comprehensive income (continued)

	PTC Development Pte. Ltd. For the year ended 31 December		PTC-Qianyang Technology Pte. Ltd. For the year ended 31 December	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Revenue	3,072	3,072	545	–
Profit/(loss) before income tax	2,132	2,240	(1,272)	(231)
Income tax expense	(307)	(319)	–	–
Profit/(loss) after income tax	1,825	1,921	(1,272)	(231)
Other comprehensive income	–	–	–	–
Total comprehensive income/(loss)	1,825	1,921	(1,272)	(231)
Total comprehensive income/(loss) allocated to non-controlling interests	329	346	(316)	(58)
Dividends paid to non-controlling interests	90	90	–	–

Summarised statement of cash flows

	PTC-Chien Li Transportation Pte Ltd For the year ended 31 December		PTC-Xin Hua Transportation Pte Ltd For the year ended 31 December	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash generated from operations	1,454	600	1,451	3,700
Interest paid	–	–	(26)	(31)
Income tax paid	(49)	(33)	(275)	(291)
Net cash generated from operating activities	1,405	567	1,150	3,378
Net cash used in investing activities	(398)	(80)	(237)	(500)
Net cash used in financing activities	(1,000)	(500)	(1,183)	(2,793)
Net increase/(decrease) in cash and cash equivalents	7	(13)	(270)	85
Cash and cash equivalents at beginning of year	45	58	539	454
Cash and cash equivalents at end of year	52	45	269	539

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised statement of cash flows (continued)

	PTC Development Pte. Ltd. For the year ended 31 December		PTC-Qianyang Technology Pte. Ltd. For the year ended 31 December	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash generated from/(used in) operations	2,586	2,565	41	(211)
Income tax paid	(300)	(266)	–	–
Net cash generated from/(used in) operating activities	2,286	2,299	41	(211)
Net cash provided by/(used in) investing activities	2	3	(900)	(2,110)
Net cash (used in)/provided by financing activities	(1,827)	(2,808)	826	2,378
Net increase/(decrease) in cash and cash equivalents	461	(506)	(33)	57
Cash and cash equivalents at beginning of year	464	970	57	–
Cash and cash equivalents at end of year	925	464	24	57

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Properties on leasehold land \$'000	Commercial vehicles \$'000	Machinery and equipment \$'000	Barges \$'000	Computer and accessories \$'000	Motor vehicles \$'000	Office equipment, furniture and fittings \$'000	Assets under construction \$'000	Total \$'000
2014									
<i>Cost</i>									
Beginning of financial year	39,020	57,432	18,809	11,646	2,577	611	927	1,365	132,387
Currency translation differences	–	63	–	–	3	2	2	–	70
Additions	1,719	9,250	2,640	9,216	292	36	46	904	24,103
Disposals	(5,731)	(3,000)	(176)	–	(72)	–	(23)	–	(9,002)
Transfers	–	–	1,365	–	–	–	–	(1,365)	–
End of financial year	35,008	63,745	22,638	20,862	2,800	649	952	904	147,558
<i>Accumulated depreciation and impairment losses</i>									
Beginning of financial year	16,273	42,138	11,518	7,383	2,274	266	492	–	80,344
Currency translation differences	–	56	–	–	3	2	2	–	63
Depreciation charge	1,596	4,301	2,827	1,984	195	73	98	–	11,074
Disposals	(5,072)	(2,909)	(176)	–	(72)	–	(23)	–	(8,252)
End of financial year	12,797	43,586	14,169	9,367	2,400	341	569	–	83,229
Net book value									
End of financial year	22,211	20,159	8,469	11,495	400	308	383	904	64,329
2013									
<i>Cost</i>									
Beginning of financial year	39,020	54,468	17,953	10,359	2,384	653	1,260	–	126,097
Currency translation differences	–	203	–	–	8	15	6	–	232
Additions	–	4,471	984	1,287	221	95	62	1,365	8,485
Disposals	–	(1,473)	(128)	–	(20)	(383)	(423)	–	(2,427)
Reclassification	–	(237)	–	–	(16)	231	22	–	–
End of financial year	39,020	57,432	18,809	11,646	2,577	611	927	1,365	132,387
<i>Accumulated depreciation and impairment losses</i>									
Beginning of financial year	15,204	39,620	9,850	5,677	2,097	377	805	–	73,630
Currency translation differences	–	108	–	–	6	8	5	–	127
Depreciation charge	1,069	3,783	1,796	1,706	207	108	83	–	8,752
Disposals	–	(1,289)	(128)	–	(20)	(305)	(423)	–	(2,165)
Reclassification	–	(84)	–	–	(16)	78	22	–	–
End of financial year	16,273	42,138	11,518	7,383	2,274	266	492	–	80,344
Net book value									
End of financial year	22,747	15,294	7,291	4,263	303	345	435	1,365	52,043

NOTES TO THE FINANCIAL STATEMENTS

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16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

	Properties on leasehold land \$'000	Commercial vehicles \$'000	Machinery and equipment \$'000	Barges \$'000	Computer and accessories \$'000	Motor vehicles \$'000	Office equipment, furniture and fittings \$'000	Work in progress \$'000	Total \$'000
2014									
<i>Cost</i>									
Beginning of financial year	39,020	38,707	17,745	5,973	2,268	482	713	–	104,908
Additions	1,719	5,476	1,427	–	235	–	11	904	9,772
Disposals	(5,731)	(1,491)	(175)	–	(69)	–	(23)	–	(7,489)
End of financial year	35,008	42,692	18,997	5,973	2,434	482	701	904	107,191
<i>Accumulated depreciation and impairment losses</i>									
Beginning of financial year	16,273	29,602	10,965	2,902	2,018	164	345	–	62,269
Depreciation charge	1,596	2,622	1,601	642	161	60	71	–	6,753
Disposals	(5,072)	(1,451)	(175)	–	(69)	–	(23)	–	(6,790)
End of financial year	12,797	30,773	12,391	3,544	2,110	224	393	–	62,232
Net book value									
End of financial year	22,211	11,919	6,606	2,429	324	258	308	904	44,959
2013									
<i>Cost</i>									
Beginning of financial year	39,020	37,576	17,470	5,501	2,085	653	1,123	–	103,428
Additions	–	2,515	403	472	197	94	11	–	3,692
Disposals	–	(1,384)	(128)	–	(14)	(265)	(421)	–	(2,212)
End of financial year	39,020	38,707	17,745	5,973	2,268	482	713	–	104,908
<i>Accumulated depreciation and impairment losses</i>									
Beginning of financial year	15,204	28,475	9,427	2,304	1,873	338	691	–	58,312
Depreciation charge	1,069	2,336	1,666	598	159	67	75	–	5,970
Disposals	–	(1,209)	(128)	–	(14)	(241)	(421)	–	(2,013)
End of financial year	16,273	29,602	10,965	2,902	2,018	164	345	–	62,269
Net book value									
End of financial year	22,747	9,105	6,780	3,071	250	318	368	–	42,639

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) The carrying amounts of plant and equipment held under finance leases are as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Commercial vehicles and equipment	6,981	2,121	2,235	–

- (b) At the balance sheet date, the details of the Group's properties on leasehold land are as follows:

Location	Description/existing use	Tenure
42 Pandan Road Singapore	Warehouse and office	Leasehold expiring on 18 October 2019 and further extension of lease expiring on 31 October 2043
48 Pandan Road Singapore	Warehouse and office	Leasehold expiring on 30 June 2019 and further extension of lease expiring on 31 October 2043
21 Ayer Merbau Road Jurong Island Singapore	PTC Chemical Logistics Complex	Leasehold with 30 years lease expiring on 15 April 2030 and an option for a further term of 30 years
Lot A19360C Ayer Merbau Road Jurong Island Singapore	Open storage yard	Leasehold with approximately 26 years lease expiring on 15 April 2030
Lot A0409802 Ayer Merbau Road Jurong Island Singapore	Open storage yard	Leasehold with approximately 25 years lease expiring on 15 April 2030
Lot A0409803 Ayer Merbau Road Jurong Island Singapore	Open storage yard	Leasehold with approximately 24 years lease expiring on 15 April 2030

- (c) During the current financial year, the Board of Directors of the Company approved the redevelopment of the leasehold land at 42 and 48 Pandan Road which involves demolishing the existing buildings and constructing a new warehouse and office building in two phases.

Accordingly, the Company revised the useful lives of its leasehold properties at 42 and 48 Pandan Road to reflect the redevelopment plan. The revision to the useful lives is applied prospectively and resulted in an increase of depreciation expense of \$472,000 recognised in profit or loss during the financial year.

In addition, the Company wrote off property, plant and equipment amounting to \$659,000 as a result of the redevelopment plan.

Please refer to Note 28 for details on capital expenditure contracted for the redevelopment plan as at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

17. INVESTMENT PROPERTIES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<i>Cost</i>				
Beginning/end of financial year	<u>27,706</u>	<u>27,706</u>	<u>7,835</u>	<u>7,835</u>
<i>Accumulated depreciation</i>				
Beginning of financial year	<u>5,301</u>	<u>4,507</u>	<u>2,613</u>	<u>2,323</u>
Depreciation charge	<u>794</u>	<u>794</u>	<u>290</u>	<u>290</u>
End of financial year	<u>6,095</u>	<u>5,301</u>	<u>2,903</u>	<u>2,613</u>
Net book value				
End of financial year	<u>21,611</u>	<u>22,405</u>	<u>4,932</u>	<u>5,222</u>

Investment properties are leased to non-related parties under operating leases [Note 28(c)].

An investment property with a net book amount of \$16,679,000 (2013: \$17,183,000) is mortgaged to secure bank loans (Note 21).

The following amounts are recognised in profit or loss:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Rental income (Note 4)	<u>3,752</u>	<u>3,753</u>	<u>679</u>	<u>680</u>
Direct operating expenses arising from:				
– investment properties that generated rental income	<u>(1,091)</u>	<u>(1,087)</u>	<u>(297)</u>	<u>(293)</u>
– investment properties that did not generate rental income	<u>(15)</u>	<u>(8)</u>	<u>(11)</u>	<u>(7)</u>

At the balance sheet date, the details of the Group's investment properties are as follows:

Location	Description/existing use	Tenure
23 Ayer Merbau Road Jurong Island Singapore	Tank cleaning terminal	Leasehold with 26 years lease expiring on 15 April 2030
#11-02 Realty Centre 15 Enggor Street Singapore	Office	Freehold
29 Tuas Bay Drive Singapore	Factory building with office space	Leasehold with 60 years lease expiring on 2 May 2067

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

17. INVESTMENT PROPERTIES (CONTINUED)

At 31 December 2014, the fair values of the investment properties amounted to \$51,340,000 (2013: \$49,800,000). Details of the valuation methodologies of the investment properties are as follows:

Fair value hierarchy

Description	Fair value measurements at 31 December using		
	Quoted prices	Significant	Significant
	in active	other observable	unobservable
	markets for identical assets (Level 1) \$'000	inputs (Level 2) \$'000	inputs (Level 3) \$'000
2014			
Recurring fair value measurements			
Investment properties:			
– Office/commercial buildings – Singapore	–	–	51,340
2013			
Recurring fair value measurements			
Investment properties:			
– Office/commercial buildings – Singapore	–	–	49,800

Valuation techniques and inputs used

The Group engages external, independent and qualified valuer to determine the fair values of the investment properties at the end of every financial year based on the highest and best use.

Level 3 fair values of the Group's properties have been derived taking consideration of both the sales comparison approach and income approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size, tenure and age and condition of the properties. Under the income approach, the estimated annual rental income based on rental agreements, after deducting property tax, ground rent payable and other outgoings, is used to derive the fair values of the properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

18. INTANGIBLE ASSETS

	Goodwill arising on acquisition \$'000	Other intangible assets \$'000	Total \$'000
<u>Group</u>			
2014			
<i>Cost</i>			
Beginning of financial year	476	262	738
Additions	–	7	7
End of financial year	476	269	745
<i>Accumulated amortisation</i>			
Beginning of financial year	–	38	38
Amortisation charge	–	90	90
End of financial year	–	128	128
<i>Accumulated impairment losses</i>			
Beginning/end of financial year	250	–	250
Net book value			
End of financial year	226	141	367
2013			
<i>Cost</i>			
Beginning of financial year	476	–	476
Additions	–	262	262
End of financial year	476	262	738
<i>Accumulated amortisation</i>			
Beginning of financial year	–	–	–
Amortisation charge	–	38	38
End of financial year	–	38	38
<i>Accumulated impairment losses</i>			
Beginning/end of financial year	250	–	250
Net book value			
End of financial year	226	224	450

The Company has no intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

18. INTANGIBLE ASSETS (CONTINUED)

Goodwill arising on acquisition

The goodwill of \$226,000 arising from the acquisition of a trucking business was attributable to the synergies expected to arise in combining the operations of the Group's transportation and bulk cargo segment with the business acquired.

Accordingly, goodwill is allocated to the Group's cash-generating units ("CGUs") in its transportation and bulk cargo segment with operations carried out in Singapore.

Impairment test for goodwill

The recoverable amount of a CGU was determined based on value-in-use ("VIU"). Cash flow projections used in the VIU calculations were based on management's best estimate and forecasts. Cash flows beyond the forecasted period were extrapolated using an estimated growth rate of nil% (2013: nil%) which did not exceed the long-term average growth rate for the transportation and bulk cargo segment in which the CGU operates.

Management has assessed that, amongst all assumptions used in the VIU calculations, the most sensitive key assumption is the discount rate which was arrived at based on weighted average cost of capital. The discount rate applied in determining the recoverable amounts of the CGU was 10% (2013: 10%). An absolute change in the discount rate of 1% (2013: 1%) would result in approximately \$44,000 (2013: \$40,000) change in the recoverable amount of the CGU.

No impairment charge arose as a result of the impairment test performed by management for the financial year ended 31 December 2014 (2013: 31 December 2013).

19. OTHER NON-CURRENT ASSETS

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Club membership at cost	103	59	59	16
Prepayment	217	244	–	–
Deposits	331	35	331	35
	651	338	390	51

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<i>Current</i>				
Trade payables:				
– Non-related parties	6,151	6,608	3,851	4,219
– Subsidiaries	–	–	12,607	8,450
– Related parties	29	6	29	6
	6,180	6,614	16,487	12,675
Rental deposits	341	274	33	37
Group relief transferred from a subsidiary	–	–	723	229
Accruals for operating expenses	11,236	9,667	7,879	7,164
Payables for purchase of property, plant and equipment	2,773	1,186	1,966	280
Deferred revenue from non-related parties	586	–	586	–
Accruals for intangible assets	–	37	–	–
Sundry creditors	1,278	1,030	77	71
	22,394	18,808	27,751	20,456
<i>Non-current</i>				
Deferred revenue – unwinding of discount	5,443	5,079	4,979	4,557
Rental deposit	1,697	1,768	–	–
	7,140	6,847	4,979	4,557

Included in trade and other payables of the Company is an amount of \$723,000 (2013: \$229,000) representing the approximate consideration payable for the transfer of unabsorbed capital allowances from a subsidiary. This amount is provisional in nature and will only be finalised upon the finalisation and agreement of the unabsorbed capital allowances available for claim by the subsidiary with the local tax authority.

Related parties are corporations in which the directors or substantial shareholders of the Company have significant influence or interests.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

21. BORROWINGS

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<i>Current</i>				
Bank borrowings	14,690	4,681	13,000	3,000
Finance lease liabilities (Note 22)	1,456	519	442	–
	<u>16,146</u>	<u>5,200</u>	<u>13,442</u>	<u>3,000</u>
<i>Non-current</i>				
Bank borrowings	2,172	3,372	–	–
Finance lease liabilities (Note 22)	4,312	456	1,671	–
	<u>6,484</u>	<u>3,828</u>	<u>1,671</u>	<u>–</u>
Total borrowings	<u>22,630</u>	<u>9,028</u>	<u>15,113</u>	<u>3,000</u>

The exposure of the borrowings (excluding finance lease liabilities) of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not later than one year	<u>16,862</u>	<u>8,053</u>	<u>13,000</u>	<u>3,000</u>

(a) Security granted

At the balance sheet date, finance lease liabilities of the Group and the Company amounting to \$5,768,000 (2013: \$975,000) and \$2,113,000 (2013: \$nil) respectively are effectively secured over the leased commercial vehicles and equipment (Note 16) as the legal title is retained by the lessor and will be transferred to the Group and the Company upon full settlement of the finance lease liabilities.

Bank borrowings of a subsidiary amounting to \$3,372,000 (2013: \$4,572,000) is secured by a first mortgage over an investment property (Note 17).

All other bank borrowings are unsecured.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

21. BORROWINGS (CONTINUED)

(b) Fair value of non-current borrowings

	Group	
	2014	2013
	\$'000	\$'000
Bank borrowings	2,172	3,372
Finance lease liabilities	4,312	456
	6,484	3,828

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group		Company	
	2014	2013	2014	2013
	%	%	%	%
Bank borrowings	1.8	1.6	1.9	–
Finance lease liabilities	5.3	2.3	5.7	–

The fair values are within Level 2 of the fair value hierarchy. Level 2 of the fair value hierarchy refers to fair values derived based on inputs other than quoted prices included within Level 1 that are observable for the liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

22. FINANCE LEASE LIABILITIES

The Group leases certain commercial vehicles and barges from non-related parties under finance leases. The lease agreements do not have renewal clauses as the legal title is retained by the lessor and will be transferred to the Group and the Company upon full settlement of the finance lease liabilities.

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Minimum lease payments due:				
– Not later than one year	1,554	536	468	–
– Between one and five years	4,527	462	1,771	–
	6,081	998	2,239	–
Less: Future finance charges	(313)	(23)	(126)	–
Present value of finance lease liabilities	5,768	975	2,113	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

22. FINANCE LEASE LIABILITIES (CONTINUED)

The present value of finance lease liabilities are analysed as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Not later than one year (Note 21)	1,456	519	442	–
Between one and five years (Note 21)	4,312	456	1,671	–
Total	5,768	975	2,113	–

23. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Deferred income tax liabilities:				
– To be settled within one year	325	251	237	182
– To be settled after one year	6,188	5,942	4,334	4,602
	6,513	6,193	4,571	4,784

Movement in deferred income tax liabilities, which arose mainly from accelerated tax depreciation, is as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	6,193	6,310	4,784	4,966
Tax charged/(credited) to profit or loss (Note 8)	293	(117)	(237)	(182)
Under provision in prior financial years (Note 8)	27	–	24	–
End of financial year	6,513	6,193	4,571	4,784

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

23. DEFERRED INCOME TAXES (CONTINUED)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised unutilised tax losses of \$1,632,000 (2013: \$641,000) and unrecognised unutilised capital allowances of S\$1,288,000 (2013: \$nil) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies in their respective countries of incorporation. The tax losses have no expiry date except for an amount of \$1,503,000 (2013: \$512,000) which will expire between 2017 (2013: 2017) and 2019 (2013: 2018).

In addition, deferred tax assets of \$nil (2013: \$156,000) have not been recognised for the differences between the carrying value and tax written-down value of property, plant and equipment in a subsidiary arising from deferral of capital allowance claims to future periods, in accordance with the Group's accounting policy set out in Note 2.17.

24. SHARE CAPITAL

The Company's share capital comprises fully paid-up 215,018,000 (2013: 215,018,000) ordinary shares with no par value, amounting to a total of \$30,244,000 (2013: \$30,244,000).

Subsequent to financial year end, the Company repurchased 544,700 of its ordinary shares by way of market acquisition for total consideration of \$317,902. These financial statements do not reflect this transaction, which will be accounted for in shareholders' equity in the financial year ending 31 December 2015.

25. CURRENCY TRANSLATION RESERVE

	Group	
	2014 \$'000	2013 \$'000
Currency translation reserve	<u>178</u>	<u>151</u>

Movements:

	Group	
	2014 \$'000	2013 \$'000
Beginning of financial year	151	(72)
Currency translation differences arising from consolidation	<u>27</u>	<u>223</u>
End of the financial year	<u>178</u>	<u>151</u>

The above reserve is non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

26. RETAINED PROFITS

- (a) Retained profits of the Group are distributable except for retained profits of the joint ventures amounting to \$26,000 (2013: \$48,000). Retained profits of the Company are distributable.
- (b) Movement in retained profits for the Company is as follows:

	Company	
	2014 \$'000	2013 \$'000
Beginning of financial year	26,502	21,549
Net profit	5,999	9,791
Dividends paid (Note 27)	(5,375)	(4,838)
End of financial year	27,126	26,502

Movements in retained profits for the Group are shown in the Consolidated Statement of Changes in Equity.

27. DIVIDENDS

	Group	
	2014 \$'000	2013 \$'000
<i>Ordinary dividends paid</i>		
Final exempt dividend in respect of the previous financial year of 2.00 cents (2013: 1.75 cents) per share	4,300	3,763
Interim exempt dividend in respect of current financial year of 0.50 cents (2013: 0.50 cents) per share	1,075	1,075
	5,375	4,838

At the Annual General Meeting on 30 April 2015, a final exempt dividend of 1.75 cents per share amounting to a total of \$3,763,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2015.

28. COMMITMENTS

- (a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Plant and equipment	137,015	2,384	136,351	2,018

Included in capital commitment of the Group and the Company is \$133,800,000 (2013:\$nil) relating to the redevelopment plan of the leasehold land at 42 and 48 Pandan Road [Note: 16(c)].

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

28. COMMITMENTS (CONTINUED)

- (b) Operating lease commitments – where the Group is a lessee

The Group leases leasehold lands, commercial vehicles and equipments under non-cancellable operating lease agreements. The future minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not later than one year	9,554	3,558	8,625	3,116
Between one and five years	15,813	10,188	13,784	9,667
Later than five years	40,109	12,972	40,109	12,533
	65,476	26,718	62,518	25,316

In addition to the above, the Group has entered into agreements for leases of land from Jurong Town Corporation. Based on the lease agreements, the annual rent due each year is subject to revision every year with the increase not exceeding 5.5% of the yearly rent for each preceding year. The rent paid/payable in current year amounted to \$2,434,000 (2013: \$2,279,000).

- (c) Operating lease commitments – where the Group is a lessor

The Group leases storage space in warehouses to non-related parties under both cancellable and non-cancellable operating leases. The lessees have varying terms, escalation clauses and renewal rights.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are analysed as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not later than one year	3,161	3,736	146	721
Between one and five years	12,292	12,088	235	30
Later than five years	12,315	15,113	216	–
	27,768	30,937	597	751

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

29. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate and price risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. Risk management is carried out under policies approved by the Board of Directors. The policies for managing each of these risks are summarised below.

(a) Market risk

(i) Currency risk

The Group operates dominantly in Singapore with some operations in China. Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD"). In addition, the Group is exposed to currency translation risk on the net assets in foreign operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure is as follows:

	SGD \$'000	USD \$'000	RMB \$'000	Total \$'000
2014				
Financial assets				
Cash and cash equivalents	19,408	122	1,375	20,905
Trade and other receivables	22,606	554	1,126	24,286
Inter-company balances	18,414	–	–	18,414
Other financial assets	1,285	–	70	1,355
	<u>61,713</u>	<u>676</u>	<u>2,571</u>	<u>64,960</u>
Financial liabilities				
Trade and other payables	(21,781)	(706)	(1,018)	(23,505)
Inter-company balances	(18,414)	–	–	(18,414)
Borrowings	(22,135)	–	(495)	(22,630)
	<u>(62,330)</u>	<u>(706)</u>	<u>(1,513)</u>	<u>(64,549)</u>
Net financial (liabilities)/assets	(617)	(30)	1,058	411
Less: Net financial (liabilities)/assets denominated in the respective entities functional currencies	<u>(617)</u>	<u>–</u>	<u>1,058</u>	
Currency exposure	<u><u>–</u></u>	<u><u>(30)</u></u>	<u><u>–</u></u>	
2013				
Financial assets				
Cash and cash equivalents	13,644	1,414	987	16,045
Trade and other receivables	17,911	–	2,808	20,719
Inter-company balances	11,930	–	–	11,930
Other financial assets	1,000	–	143	1,143
	<u>44,485</u>	<u>1,414</u>	<u>3,938</u>	<u>49,837</u>
Financial liabilities				
Trade and other payables	(18,876)	(1)	(1,699)	(20,576)
Inter-company balances	(11,930)	–	–	(11,930)
Borrowings	(8,547)	–	(481)	(9,028)
	<u>(39,353)</u>	<u>(1)</u>	<u>(2,180)</u>	<u>(41,534)</u>
Net financial assets	5,132	1,413	1,758	8,303
Less: Net financial assets denominated in the respective entities functional currencies	<u>5,132</u>	<u>–</u>	<u>1,758</u>	
Currency exposure	<u><u>–</u></u>	<u><u>1,413</u></u>	<u><u>–</u></u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure is as follows:

	SGD \$'000	USD \$'000	Total \$'000
2014			
Financial assets			
Cash and cash equivalents	17,597	122	17,719
Trade and other receivables	31,988	7	31,995
Other financial assets	1,050	–	1,050
	<u>50,635</u>	<u>129</u>	<u>50,764</u>
Financial liabilities			
Trade and other payables	(27,163)	(2)	(27,165)
Borrowings	(15,113)	–	(15,113)
	<u>(42,276)</u>	<u>(2)</u>	<u>(42,278)</u>
Net financial assets	8,359	127	8,486
Less: Net financial assets denominated in the respective entities functional currencies	<u>8,359</u>	<u>–</u>	
Currency exposure	<u>–</u>	<u>127</u>	
2013			
Financial assets			
Cash and cash equivalents	12,108	1,414	13,522
Trade and other receivables	18,204	–	18,204
Other financial assets	751	–	751
	<u>31,063</u>	<u>1,414</u>	<u>32,477</u>
Financial liabilities			
Trade and other payables	(20,455)	(1)	(20,456)
Borrowings	(3,000)	–	(3,000)
	<u>(23,455)</u>	<u>(1)</u>	<u>(23,456)</u>
Net financial assets	7,608	1,413	9,021
Less: Net financial assets denominated in the respective entities functional currencies	<u>7,608</u>	<u>–</u>	
Currency exposure	<u>–</u>	<u>1,413</u>	

At 31 December 2014, if the USD had changed against the SGD by 1% (2013: 1%) with all other variables including tax rates being held constant, the effects arising from the net financial liabilities/assets position will not be material to profit after tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Price risk

As at 31 December 2014, the Group is not exposed to equity price risk as it does not hold equity financial assets.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's and the Company's interest rate risk arise mainly from borrowings. Bank borrowings with variable interest rates expose the Group and the Company to cash flow interest rate risk, while finance lease liabilities with fixed interest rates expose the Group and the Company to fair value interest rate risk.

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates had increased/decreased by 0.2% (2013: 0.2%) with all other variables including tax rates being held constant, the profit after tax will be lower/higher by \$22,000 (2013: \$13,000) and \$28,000 (2013: \$5,000) respectively as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2014	2013
	\$'000	\$'000
Corporate guarantees provided to banks on subsidiaries' loans	6,195	5,030

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

The credit risk for trade receivables (net of impairment) is as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<u>By business segment</u>				
Transportation and bulk cargo	17,210	14,863	15,059	11,675
Warehousing	4,350	3,031	4,350	3,031
Trading	630	960	–	–
Leasing	29	–	29	–
	22,219	18,854	19,438	14,706

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Past due < 1 month	6,518	6,595	6,159	5,348
Past due 1 to 3 months	2,855	1,948	2,613	659
Past due over 3 months	494	66	208	–
	9,867	8,609	8,980	6,007

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) *Financial assets that are past due and/or impaired (continued)*

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Gross amount	399	524	265	265
Less: Allowance for impairment	(399)	(524)	(265)	(265)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Beginning of financial year	524	697	265	541
Allowance made	11	115	-	6
Allowance utilised	(136)	(288)	-	(282)
End of financial year	<u>399</u>	<u>524</u>	<u>265</u>	<u>265</u>

The impaired trade receivables arise mainly from potentially uncollectible balances. Allowance made for impairment in trade receivable is included in "Other" expenses in the statement of comprehensive income.

(c) Liquidity risk

The Group and the Company manage the liquidity risk by maintaining sufficient cash and having adequate amounts of committed credit facilities sufficient to finance its operational requirements.

The table below analyses the maturity profile of the financial liabilities of the Group and Company based on contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
<u>Group</u>				
2014				
Trade and other payables	21,808	148	168	1,381
Corporate guarantees	2,446	1,730	2,387	-
Borrowings	18,379	2,131	2,911	-
	<u>42,633</u>	<u>4,009</u>	<u>5,466</u>	<u>1,381</u>
2013				
Trade and other payables	18,808	129	148	1,491
Corporate guarantees	2,010	1,294	1,921	-
Borrowings	5,378	1,586	2,346	-
	<u>26,196</u>	<u>3,009</u>	<u>4,415</u>	<u>1,491</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
<u>Company</u>				
2014				
Trade and other payables	27,165	–	–	–
Corporate guarantees	2,446	1,730	2,387	–
Borrowings	13,718	468	1,303	–
	43,329	2,198	3,690	–
2013				
Trade and other payables	20,456	–	–	–
Corporate guarantees	2,010	1,294	1,921	–
Borrowings	3,050	–	–	–
	25,516	1,294	1,921	–

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks to maintain a gearing ratio of not exceeding 150% (2013: 150%). The Group's and Company's strategies, which were unchanged from 2013, are to maintain gearing ratios of less than 100%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables (excluding deferred revenue), less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Net debt	25,230	13,559	24,559	9,934
Total equity	72,650	69,727	57,370	56,746
Total capital	97,880	83,286	81,929	66,680
Gearing ratio	26%	16%	30%	14%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2013 and 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

- (e) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Loans and receivables	46,546	37,907	50,764	32,477
Financial liabilities at amortised cost	46,135	29,604	42,278	23,456

30. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

- (a) Sales and purchases of goods and services

	Group	
	2014	2013
	\$'000	\$'000
Income		
Hiring of commercial vehicles, machinery and equipment and transport services provided to:		
– Joint venture	141	157
– Related party	208	214
Rental income from related parties	12	13
Sale of motor car to a related party	–	130
Expenses		
Freight charges to a related party	6	2
Rental expenses to a related party	66	66
Purchase of motor car from a related party	–	80

The related parties are companies in which the directors or substantial shareholders of the Company have significant influence or interests.

Outstanding balances at 31 December 2014, arising from sale/purchase of goods and services, are set out in Notes 11 and 20 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

30. RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2014	2013
	\$'000	\$'000
Directors' fees	369	414
Salaries and other short-term employee benefits	4,062	4,106
Post-employment benefits – contribution to CPF	111	108
	4,542	4,628

Included in the above is total compensation to directors of the Company amounting to \$2,798,000 (2013: \$3,012,000).

31. REMUNERATION OF AUDITORS

Included in "Other" expenses are the fees on audit and non-audit services as follows:

	Group	
	2014	2013
	\$'000	\$'000
Fees on audit services paid/payable to:		
– Auditor of the Company	198	184
– Other auditors	19	18
	217	202

There was no non-audit service provided by the Auditor of the Company or other auditors during the financial years ended 31 December 2014 and 31 December 2013.

32. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Chief Executive Officer, the Chief Financial Officer, and the department heads of each business within each business segment.

At 31 December 2014, the Group is organised into four main business segments:

- Transportation and bulk cargo – Provision of land transportation and stevedoring services and hiring out of equipment.
- Warehousing – Provision of warehousing and drumming services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

32. SEGMENT INFORMATION (CONTINUED)

- Trading – Trading of diesel.
- Leasing – Lease of investment properties to non-related parties.

The Exco considers the business only from a business segment perspective as the Group's operations are principally located in Singapore. As such, no geographical segment information is provided.

The segment information provided to the Exco for the reportable segments are as follows:

	Transportation and bulk cargo \$'000	Warehousing \$'000	Trading \$'000	Leasing \$'000	Group \$'000
<i>Group</i>					
2014					
Sales					
– External sales	95,762	21,520	5,121	3,752	126,155
– Inter-segment sales	–	25	5,537	–	5,562
	<u>95,762</u>	<u>21,545</u>	<u>10,658</u>	<u>3,752</u>	<u>131,717</u>
Elimination					(5,562)
					<u>126,155</u>
Segment result	5,444	2,906	68	2,581	10,999
Other gains	406	46	2	–	454
Other losses	(336)	(323)	–	–	(659)
Interest income	51	–	–	2	53
Finance expense					(346)
Share of results of joint ventures					52
Profit before income tax					10,553
Income tax expense					(1,686)
Total profit					<u>8,867</u>
Other segment items					
Capital expenditure					
– Property, plant and equipment	22,321	2,243	61	–	24,625
Depreciation					
– Property, plant and equipment	9,220	1,821	33	–	11,074
– Investment properties	–	–	–	794	794
– Intangible assets	90	–	–	–	90
Segment assets	63,204	26,132	1,193	24,795	115,324
Investments in joint ventures					1,039
Unallocated assets					20,107
Consolidated total assets					<u>136,470</u>
Segment liabilities	13,768	2,423	525	8,615	25,331
Unallocated liabilities					34,794
Consolidated total liabilities					<u>60,125</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

32. SEGMENT INFORMATION (CONTINUED)

	Transportation and bulk cargo \$'000	Warehousing \$'000	Trading \$'000	Leasing \$'000	Group \$'000
<i>Group</i>					
2013					
Sales					
– External sales	89,177	18,846	5,648	3,753	117,424
– Inter-segment sales	–	26	5,650	–	5,676
	<u>89,177</u>	<u>18,872</u>	<u>11,298</u>	<u>3,753</u>	<u>123,100</u>
Elimination					<u>(5,676)</u>
					<u>117,424</u>
Segment result	6,066	3,746	123	2,582	12,517
Other gains	418	20	18	140	596
Interest income	39	–	–	3	42
Finance expense					(370)
Share of results of joint ventures					<u>(43)</u>
Profit before income tax					12,742
Income tax expense					<u>(1,604)</u>
Total profit					<u>11,138</u>
Other segment items					
Capital expenditure					
– Property, plant and equipment	8,140	345	–	–	8,485
Depreciation					
– Property, plant and equipment	7,157	1,563	32	–	8,752
– Investment properties	–	–	–	794	794
– Intangible assets	<u>38</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>38</u>
Segment assets	48,909	24,467	1,392	24,919	99,687
Investments in joint ventures					987
Unallocated assets					<u>15,290</u>
Consolidated total assets					<u>115,964</u>
Segment liabilities	11,540	1,582	696	7,614	21,432
Unallocated liabilities					<u>21,266</u>
Consolidated total liabilities					<u>42,698</u>

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Exco is measured in a manner consistent with that in the statement of comprehensive income. Interest income and finance expenses are not allocated to segments, as financing activity is managed centrally at the Group level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

32. SEGMENT INFORMATION (CONTINUED)

The amounts provided to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Exco monitors the property, plant and equipment, intangible assets, inventories, receivables, operating cash and investment properties attributable to each segment. All assets are allocated to reportable segments other than cash and bank balances generated by transportation and bulk cargo and warehousing segments, as funding for these two segments are managed together.

The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than income tax liabilities, deferred tax liabilities, borrowings as well as certain accruals and payables in relation to central management functions.

33. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 or later periods and which the Group has not early adopted:

- Amendment to FRS 16 *Property, Plant and Equipment* (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 24 *Related Party Disclosures* (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 40 *Investment Property* (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 108 *Operating Segments* (effective for annual periods beginning on or after 1 July 2014)
- Amendment FRS 113 *Fair Value Measurement* (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 1: Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 27: Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

33. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- FRS 115 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2017)
- FRS 109 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018)

The management anticipates that the adoption of the above FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

34. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to ensure consistency with the presentation in the financial statements for the year ended 31 December 2014. The reclassification has no material impact to the Group and the Company.

The impact of change in disclosures on the balance sheet is reflected as follows:

	Group			Company		
	As at 31 December 2013 (previously stated) \$'000	Change in disclosure \$'000	As at 31 December 2013 (restated) \$'000	As at 31 December 2013 (previously stated) \$'000	Change in disclosure \$'000	As at 31 December 2013 (restated) \$'000
ASSETS						
Current assets						
Other current assets	2,935	(35)	2,900	1,866	(35)	1,831
Non-current assets						
Other non-current assets	303	35	338	16	35	51

35. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Poh Tiong Choon Logistics Limited on 30 March 2015.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Board of Directors of Poh Tiong Choon Logistics Limited (the “Company”), is committed to achieving high standards of corporate governance and conduct throughout the Company and its subsidiaries (the “Group”). The Board recognizes the importance of having in place a set of well-defined corporate governance processes to enhance corporate performance and accountability as well as to safeguard shareholders’ interests and maximize long-term shareholder value.

This report describes the Group’s corporate governance practices and activities that were in place during the financial year ended 31 December 2014, with specific reference to the principles and guidelines set out in the Code of Corporate Governance 2012 (“Code”).

BOARD MATTERS

Principle 1: Role of the Board and Board’s Conduct of its Affairs

The Board is accountable to the shareholders of the Company. Its principal functions are to provide leadership of the Group and direction for management. Typically, transactions that are significant relative to the financial position of the Group would require Board’s approval.

The key roles of the Board include setting corporate policies and strategic aims, review and approval of the annual budgets, major funding proposals, investments, acquisitions and divestments, review of the Group’s annual and quarterly financial reports, the adequacy and effectiveness of the framework and processes of internal controls and risk management strategies and execution, appointment of directors and key management staff, review of management performance and remuneration packages and corporate governance practices.

All Directors are obligated to act in good faith and exercise independent judgement as fiduciaries in the best interests of the Company at all times.

The primary functions of the Board are either carried out directly by the Board or through committees established by the Board, namely, the Audit Committee (AC), the Nominating Committee (NC) and the Remuneration Committee (RC). These Board Committees have clearly defined terms of reference. Matters which are delegated to Board Committees for more detailed evaluation and approval are reported to and endorsed by the Board.

The nature of the Directors’ appointments on the Board and details of their membership on Board Committees are set out below:

Name	Board	Audit	Committees	
			Nominating	Remuneration
Poh Choon Ann	Chairman & CEO		Member	Member
Poh Khim Hong	Finance Director & CFO	Member		
Poh Kay Yong	Executive Director, Corporate Services			
Poh Key Boon	Executive Director, Transportation & Warehousing			
Poh Kay Ping	Director (Non-Independent, Non-executive)			
Lew Syn Pau	Director (Lead Independent, Non-executive)	Chairman	Member	Member
Hong Hai	Director (Independent, Non-executive)	Member	Chairman	Chairman

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Board meets regularly at least four times a year. In addition, the Board meets as and when warranted by particular circumstances between the scheduled meetings. The Company's Articles of Association provide for meetings to be held via telephone and video conferencing whereby all Directors participating in the meeting are able to communicate as a group, without requiring the Directors' physical presence at the meeting. All relevant information on material events and transactions are circulated to Directors as and when they arise.

The attendance of each Director at Board meetings and Board Committee meetings during the financial year ended 31 December 2014 is as follows:

	Board	Audit	Nominating	Remuneration
No. of meetings held	4	4	1	1
Directors	No. of Meetings Attended			
Poh Choon Ann	4		1	1
Poh Khim Hong	4	4		
Poh Kay Yong	3			
Poh Key Boon	4			
Poh Kay Ping	4			
Lew Syn Pau	4	4	1	1
Hong Hai	4	4	1	1

Directors are provided with updates and/or briefings from time to time by professional advisers, independent auditor and the Company Secretary on accounting and regulatory changes, and are also given further appropriate training from time to time.

A formal letter of appointment is provided to a Director upon his appointment, setting out his role, duties and obligations as a member of the Board.

New Directors are given appropriate orientation and briefings by the Management on the Company's business and governance policies, disclosure of interests in securities and in transactions involving the Company, prohibitions on dealings in the Company's securities and disclosure of price-sensitive information. The Company relies on the Directors to update themselves on new laws, regulations, changing commercial risks and accounting standards. The Company has an on-going budget for all Directors to attend appropriate courses, conferences and seminars to keep abreast of relevant business developments and outlook.

Principle 2 – Board Composition and Guidance

The Company's Articles of Association provide for the Board of Directors to comprise of a minimum of 2 and a maximum of 12 directors.

The Group is led by a Board comprising 2 Independent Non-Executive Directors, 4 Executive Directors and 1 Non-Independent and Non-Executive Director. Each Director brings to the Board his skills, experience, insights and sound judgement, which serves to further the interests of the Company.

Profiles of the Directors are set out on Pages 14 and 15 of the Annual Report.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Presently, the two Independent Directors comprise 29% of the Board and therefore fall short of the requirement of the Code, which states “Independent Directors making up at least half of the Board”. The Nominating Committee feels that the current number of Independent Directors is sufficient to ensure a balance of power given the scope and nature of the operations of the Group. However, the Nominating Committee will continue to assess the need for more Independent Directors and make recommendations to the Board when appropriate.

The independence of each Non-Executive Director is assessed annually. For the purposes of the determination, the Non-Executive Directors will provide declarations of their independence which are deliberated upon by the NC and the Board.

The Board has determined that despite both Mr Lew Syn Pau and Dr Hong Hai have served on the Board for more than nine years since their first appointment, both of them are considered independent as they have demonstrated independence in character and judgement in the discharge of their responsibilities as Directors of the Company and there are no relationships or circumstances that are likely to affect, or could appear to affect, their independent business judgement in the best interests of the Group.

Mr Poh Choon Ann, Ms Poh Khim Hong, Mr Poh Kay Yong and Mr Poh Key Boon are Executives Directors of the Company and they are Non-Independent Directors.

Mr Poh Kay Ping a Non-Executive Director of the Company is an immediate family member of the Executive Chairman and is therefore deemed to be a Non-Independent Director.

The Board is of the opinion that its current size and composition is appropriate given the scope and nature of the Group’s operations. The Board is also of the view that the current Board comprises persons who, as a group, provide core competencies necessary to meet the Group’s objectives.

The Independent Directors communicate regularly without the presence of management to discuss matters such as the Group’s financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration packages of the Executive Directors.

Principle 3 – Chairman and Chief Executive Officer

Mr Poh Choon Ann, a substantial shareholder, is the Chairman and Chief Executive Officer (“CEO”). The Board is of the opinion that the present Group structure and business scope does not warrant a meaningful split of the role. The Group believes that the combined responsibilities facilitate faster decision-making and the alignment of the CEO’s interest with that of the shareholders.

The CEO is the most senior executive in the Company and bears executive responsibility for the Company’s business while the Chairman bears responsibility for the procedural workings of the Board as laid down in Guideline 3.2 of the Code.

Mr Lew Syn Pau was appointed as the Lead Independent Director of the Company on 1 January 2013 in line with the recommendation in Guideline 3.3 of the Code.

The Independent Directors meet at least annually without the presence of the other Directors and provide feedback to the Chairman after such meeting.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Principle 4 – Board Membership

The NC is chaired by Dr Hong Hai and comprises Mr Lew Syn Pau and Mr Poh Choon Ann as members. The majority of the NC members, including the Chairman, are Independent Non-Executive Directors. The Chairman of the NC is neither a substantial shareholder of the Company nor directly associated with a substantial shareholder of the Company.

The main role of the NC is to ensure that the process of Board appointments and re-appointments is transparent and to assess the effectiveness of the Board as a whole and the contribution of individual Directors to the effectiveness of the Board as well as to assess annually the independence of Directors.

Under the Company's Articles of Association, not less than one third of the Directors for the time being (being those who have been longest in office since their appointment or re-election) are required to retire from office by rotation at the Annual General Meeting ("AGM"). Also, all newly appointed Directors during the year will hold office until the next AGM and will be eligible for re-election. Such Directors are not taken into account in determining the number of Directors who are to retire by rotation. Directors of or over 70 years of age are required to be re-elected every year at the AGM before they can continue to act as a Director.

In addition, the NC is also responsible for reviewing the succession plans of the Board, developing a process for performance evaluation of the Board and Board committees, and reviewing training and professional development programmes for the Board.

For appointment of new directors to the Board if a vacancy arises, the NC will, in consultation with the Board, first determine the role and the desirable competencies for a particular appointment. Recommendations from Directors and Management are the usual source for potential candidates. However, external search consultants are also considered. NC will evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The Board also recognises the contribution of Directors who, over time, have developed deep insights into the Group's businesses and exercises its discretion to retain the services of such Directors where appropriate.

Next, the NC will prepare a shortlist of candidates with the appropriate profiles and qualities for nomination. The NC will conduct formal interviews with the short-listed candidates to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitments required. Finally, the NC will make recommendations on the appointment to the Board for approval.

The NC has also reviewed Directors with multiple listed company directorship representations and principal commitments to ensure that they have sufficient time to discharge their responsibilities adequately. Directors are allowed to hold directorships in companies outside the Group. The Board believes that with multiple board representations, the Directors are able to bring with them the experience and knowledge obtained from such board representations in other companies. The Board is of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors would depend on many other factors such as whether they are in full time employment and their other responsibilities. All Directors have confirmed that notwithstanding the number of listed company board representations and other principal commitments, which the Directors hold, they are able to devote sufficient time and attention to the affairs of the Company.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Principle 5 – Board Performance

The Board and the NC strive to ensure that Directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business to enable the Board to make sound and well-considered decisions.

The Board believes that Board performance is ultimately reflected in the long-term performance of the Group. In consultation with the NC, the Board assesses its performance annually to identify key areas for improvement and requisite follow-up actions. The criteria taken into consideration by the NC and the Chairman include the value of contribution to the development of strategies, the degree of preparedness, industry and business knowledge and experience each Director possesses which are critical to the Group's business.

Replacement of a Director, when it happens, does not necessarily reflect the Director's performance or contributions to the Board, but may be driven by the need to align the Board with the medium or long term needs of the Group.

The dates of initial appointment and last re-election of the Directors are set out below:

Director	Position	Date of Initial Appointment	Date of Last Re-election	Nature of appointment
Poh Choon Ann	Chairman	21 January 1969	30 April 2014	Executive/Non-Independent
Poh Khim Hong	Director	23 July 1986	30 April 2014	Executive/Non-Independent
Poh Kay Yong	Director	12 January 1999	30 April 2013	Executive/Non-Independent
Poh Key Boon	Director	12 January 1999	30 April 2014	Executive/Non-Independent
Poh Kay Ping	Director	1 November 1994	30 April 2012	Non-Executive/Non-Independent
Lew Syn Pau	Director	15 April 1999	30 April 2013	Non-Executive/Independent
Hong Hai	Director	26 June 2000	30 April 2014	Non-Executive/Independent

Principle 6 – Access to Information

All Directors have unrestricted access to the Company's records and information. The Board members receive a set of Board papers prior to a Board meeting. This is generally issued to them at least five working days prior to the meeting in sufficient time to enable the Directors to obtain further explanations. However, sensitive matters may be tabled at the meeting itself or discussed without papers being circulated. The independent non-executive Directors also, on an adhoc basis, communicate privately with the CFO of the Company concerning financial matters of the Group.

All Directors have separate and independent access to the Company Secretary, management and the independent auditor, either through telephone or via e-mail.

The Company Secretary administers and attends all Board meetings of the Company and prepares minutes of meetings. He is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes. The appointment and the removal of the Company Secretary are subject to the Board's approval.

Should Directors, whether as a group or individually, need independent professional advice, the Company will appoint a professional advisor selected by the group or individual, and approved by the Chairman of the Board to render the advice. The cost of such professional advice will be borne by the Company. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

REMUNERATION MATTERS

Principle 7 – Procedures for developing remuneration policies

The members of the RC are Dr Hong Hai (RC Chairman), Mr Lew Syn Pau and Mr Poh Choon Ann. All members are Independent Non-executive Directors except Mr Poh Choon Ann. The operations of the RC are regulated by its terms of reference, which were approved and are subject to periodic review by the Board.

The functions of the RC include the review and approval of appropriate executive compensation packages for Executive Directors and senior executives of the Group that will attract, retain and motivate them to run the Group successfully. All recommendations by the RC will be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. No Director is involved in deciding his own remuneration.

The RC has access to appropriate expert advice in the field of executive compensation outside the Company where required.

Principle 8 – Level and mix of remuneration

The remuneration for the Executive Directors and key executives comprises primarily a basic salary component and a variable component which is the bonus, based on the performance of the Group as a whole and their individual performance. Increments and variable bonuses for all Executive Directors (excluding Chairman/CEO which is governed by a separate service contract) and key executives are discretionary and reviewed by the RC annually.

The Independent Non-executive Directors do not have any service agreements with the Company and do not receive any remuneration other than Directors' fees from the Company.

Directors' fees are recommended by the Board and are subject to the approval of shareholders at the AGM. The Directors' fees are derived on the basis of each individual Director's service as Chairman/Member on the Board and Board Committees.

Other than the Chairman/CEO, all Executive Directors have no fixed appointment period and their employment can be terminated by giving three months' notice by either party. In the case of the Chairman/CEO, there is an annual renewable service contract.

Currently, there are no long-term incentive schemes, including share options schemes, for employees and directors. The RC will consider the necessity of having long-term incentive schemes if the need arises.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Principle 9 – Disclosure on remuneration

The breakdown of the remuneration of the Directors in percentage (%) for FY 2014 is as follows:

Directors

Remuneration Band	Fee ¹ (%)	Salary ² (%)	Bonus ³ (%)	Other Benefits ⁴ (%)	Total (%)
Above S\$1,000,000 to below S\$1,500,000					
Poh Choon Ann	5	25	55	15	100
Above S\$250,000 to below S\$500,000					
Poh Khim Hong	12	62	23	3	100
Poh Kay Yong	10	66	22	2	100
Poh Key Boon	10	66	22	2	100
Below S\$250,000					
Poh Kay Ping	100	–	–	–	100
Lew Syn Pau	100	–	–	–	100
Hong Hai	100	–	–	–	100

¹ Fees are subject to approval of shareholders at the AGM.

² Salary refers to base salary and salary adjustments earned for the year ended 31 December 2014.

³ Bonus comprises the performance bonus which varies according to the actual achievement of the Group, business unit and individual performance objectives.

⁴ Other benefits are stated on the basis of direct cost to the Company and include car benefits and other non-cash benefits such as medical cover and club membership.

In view of the sensitivity and confidentiality of remuneration matters and given that the Group operates in highly competitive and challenging environments, the Company believes that it is not in the best interests of the Group to fully disclose the details of remuneration of each individual Director.

Top 5 Key Executives

The total remuneration paid to the key management personnel (who are not Directors or the CEO) for the year ended 31 December 2014 was S\$1,270,000. Three of the top five key executives are immediate family members of the Executive Directors. Given the confidentiality and commercial sensitivity attached to remuneration matters, the salary band and names of the top 5 key executives are not disclosed.

Employees related to Director or CEO

For FY 2014, apart from the disclosures above, there are 4 employees who are immediate family members of certain Directors of the Company and whose annual remuneration exceeded S\$50,000.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Remuneration Band and name of employees who are immediate family members	Relationship with the Directors or Chief Executive Officer of the Company	Designation
Poh Kay Tong S\$50,001 – S\$100,000	Nephew of Mr Poh Choon Ann, Chairman and Chief Executive Officer	Barge Crane Operator
Poh Guan Kiong, Dylan S\$50,001 – S\$100,000	Grandnephew of Mr Poh Choon Ann, Chairman and Chief Executive Officer	Assistant Manager (Operations)
Poh Yen Leng, Kelvin S\$50,001 – S\$100,000	Grandnephew of Mr Poh Choon Ann, Chairman and Chief Executive Officer	Assistant General Manager (Marketing) of a subsidiary in China
Tan Poh Chin (Ms) S\$150,001 – S\$200,000	Daughter-in-law of Mr Poh Choon Ann's sister	Senior Manager (Accounts)

ACCOUNTABILITY AND AUDIT

Principle 10 – Accountability

The Board provides shareholders with quarterly and annual financial reports. Results for the first, second and third quarters are released to shareholders within 45 days of the end of each quarter whilst annual results are released within 60 days from the financial year end. In presenting the Group's annual and quarterly results, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and financial position with a commentary at the end of the announcement of the significant trends and competitive conditions of the industry in which it operates.

The Company adheres strictly to the requirements of the SGX-ST Listing Manual in relation to informing shareholders on a periodic basis and when circumstances warrant regarding the Group's performance, position and prospects.

In line with the requirements of SGX-ST, negative confirmations on interim financial results are issued by the Board confirming that to the best of its knowledge, nothing has come to the attention of the Board which may render the Company's quarterly results to be false or misleading in any material aspect.

The Executive Directors are provided with monthly management accounts within a reasonable time. All Directors are provided with quarterly accounts and an updated briefing on performance and outlook at each Board meeting.

Principle 11 – Risk Management and Internal Controls

The Board is responsible for the governance of risk within the Group. It ensures that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group had engaged Transfingo Pte Ltd, an independent risk consultant, to assist the Group and the management in setting up the Enterprise Risk Management ("ERM") process and framework last year.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The ERM Committee, comprising senior management personnel from the operational, financial and technical areas continues to oversee matters relating to the management of risks and the creation of a common vision of ERM for the Company.

The ERM Committee had established a formal risk management policy. The policy explains the Group's underlying approach to risk management, documents the roles and responsibilities of the Board, Audit Committee, ERM Committee and other key parties. It also outlines key aspects of the risk management process and identifies the main reporting procedures.

The Board recognizes that risk management is an ongoing process. The implementation of ERM process and framework is embedded in the internal control system to help the Group address on-going changes and challenges and reduce uncertainties. As such, the internal control system will also assist the Board and Audit Committee to be in compliance with the Code of Corporate Governance and SGX-Listing Rules.

The Board has received assurance from the CEO and CFO that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and financials; and
- (b) effective risk management and internal control systems have been put in place.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls, were adequate as at 31 December 2014.

Principle 12 – Audit Committee (“AC”)

The AC comprises three members. Mr Lew Syn Pau (AC Chairman) and Dr Hong Hai are Independent Non-Executive Directors while the third member, Ms Poh Khim Hong, is the Finance Director & CFO who is an Executive Director.

As the Board comprises only two Independent Non-Executive Directors, the Company is unable to comply with Guideline 12.1 requiring all AC members to be non-executive. The NC is of the view that as the majority of the AC are both Independent and Non-Executive Directors, the AC is able to exercise its independent judgment.

The Board is of the view that members of the AC, given their qualifications and background experience, have sufficient financial management expertise and experience to discharge the AC's functions properly. (See Directors' Profile on Pages 14 and 15).

The AC meets periodically or via e-mail to perform the functions required pursuant to Section 201B(5) of the Companies Act, Cap 50 and the Listing Manual of the SGX-ST.

The AC has explicit authority to investigate any matters within its terms of reference and unfettered access to and co-operation by management. It also has the discretion to invite any Director and executive officer to attend its meetings.

The AC meets with the auditors without the presence of management at least annually, if necessary.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The AC confirms that the volume of non-audit services rendered by the external auditors is not material and, as such, is satisfied that the nature and extent of such services do not prejudice the independence and objectivity of the auditors.

The Company has complied with Rule 712 and Rule 715 or Rule 716 of the SGX-ST Listing Manual in relation to its auditors.

The aggregate amount of fees payable to the independent auditor is set out in Note 31 on page 82 of the Annual Report.

WHISTLE-BLOWING POLICY

The Company and its subsidiaries have adopted a whistle-blowing policy and procedure, providing a confidential channel for reporting incidents of misconduct within the Group. The objective for such arrangement is to ensure independent investigation of such matters for appropriate follow-up action.

INTERNAL AUDIT

Principle 13 – Internal Audit

The internal audit function has been outsourced to a consultancy firm, Mazars LLP, who adopts a risk-based methodology to review the effectiveness of the material internal controls of the Group. The consultancy firm reports to the AC outlining the results of the review performed and management's action plans to implement process improvements.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 and 15 – Shareholder Rights and Communication with Shareholders

The Company is committed to conveying accurate and timely information to the shareholders and the public. In disseminating material information, the Company takes care to ensure that the information is made publicly available on a timely and non-selective basis to all shareholders in compliance with the Corporate Disclosure Policy set out by the SGX-ST.

The financial results are published quarterly through SGXNET.

Shareholders are informed of shareholders' meetings through notices contained in annual report or circular sent to all shareholders. These notices are also published in the Business Times and posted on the SGXNET.

Principle 16 – Conduct of Shareholder Meetings

The Company fully supports the Code's principle to encourage shareholders' participation at general meetings.

The Company's Articles of Association allow a member entitled to attend and vote at general meetings to appoint one or two proxies to attend and vote instead of the member and a proxy needs not be a member of the Company.

The Company has not amended its Articles of Association to allow shareholders to appoint any number of proxies. Nevertheless, CPF investors who have duly submitted their requests to attend the Company's general meetings as observers can do so.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Voting in absentia by mail or electronic means has yet to be introduced because such voting methods will need to be carefully reviewed for feasibility to ensure no compromise to either the integrity of the information or proper authentication of the identity of the shareholders.

Each item of special business included in the notice of AGM is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are prepared for substantially separate issues at the AGM.

The Board and management are present at the meetings to address shareholders' queries concerning the Group. The independent auditor is also present to address shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

The minutes of general meetings prepared by the Company include substantial comments or queries from shareholders and responses from the Chairman, Board Members and Management.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions. All interested person transactions are reviewed and approved by the Audit Committee.

For FY 2014, there were no interested person transactions ("IPTs") as defined under Chapter 9 of the SGX-ST Listing Manual.

The related party transactions as disclosed in Note 30 on Pages 81 and 82 of the Annual Report are not IPTs within the ambit of Chapter 9 of the Listing Manual.

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interests of each Director, the CEO or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

CODE OF BUSINESS CONDUCT AND ETHNICS

The Group has in place an internal Code of Business Conduct and Ethics prescribing conduct to be observed by its Directors, officers and other employees so as to avoid situations such as conflict of interests, abuse of authority, misuse of company information and other unethical practices.

DEALINGS IN SECURITIES

The Group has an internal code of conduct for Directors and officers on securities transactions when they are in possession of unpublished material or price-sensitive information in relation to the Company's securities. In accordance with the Group's internal code of conduct, Directors and officers are prohibited from dealing in the Company's securities during the period commencing (i) two weeks before the announcement of quarterly results and (ii) one month before the announcement of full year financial results and ending on the date of announcement of the relevant results. They are also advised to refrain from dealing in the Company's securities on short-term considerations and are expected to observe insider trading laws at all times.

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

RISK ASSESSMENT AND MANAGEMENT

The potential key risks and their associated controls within the Group may be summarized as follows:

Highly competitive environment

The Singapore logistics market is highly competitive with the presence of many logistics companies. Competitive factors include range of services, customer service and pricing. Specifically, we are constantly affected by competitors' pricing policy, which may result in downward pressure on our prices, and lowering our financial performance. To mitigate this risk, we rely on our track record of more than 60 years, our commitment to quality service (ISO 9002 certification) and our safety track record. Further, we opt for secured contracts, if possible, maintain close contacts with customers, offer a one-stop logistics service as well as focusing on petrochemical industry where safety is an important factor besides pricing.

Dependence on the petrochemical industry

The Group mainly provides logistics services substantially to the petrochemical industry in Singapore. For FY 2014, the petrochemical industry contributed about 35% of the Group's business. To manage this risk, the Company intends to limit its exposure to the petrochemical industry to below 60%.

Dependence on key personnel

The success of the Group depends to a large extent on its Executive Directors and other key management personnel. More details on the Executive Directors and key management staff are set out on Pages 14 to 17 of the Annual Report. Any loss of their services could negatively impact our business and operating results.

The Group manages this potential risk by providing remuneration packages which are competitive within the industry and offering a challenging work environment.

Fluctuations in diesel prices

The Group operates one of the largest commercial fleet of prime movers and lorries in Singapore. Therefore, any significant adverse change in diesel prices would impair our earnings.

The Group manages this risk to some extent by proper planning of transportation routes to minimize diesel usage.

Financial Risks

These are set out in Note 29 on pages 74 to 81 of the Annual Report.

SHAREHOLDINGS STATISTICS

AS AT 17 MARCH 2015

No. of Issued and Fully Paid-Up Shares	–	215,018,000
Issued and Fully Paid-up Capital	–	\$30,243,700
Class of Shares	–	Ordinary shares
Voting Rights	–	1 vote per share
Ordinary shares held as treasury shares	–	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	–	–	–	–
100 – 1,000	594	26.02	593,100	0.28
1,001 – 10,000	1,079	47.26	6,239,000	2.90
10,001 – 1,000,000	589	25.80	42,658,000	19.84
1,000,001 and above	21	0.92	165,527,900	76.98
Total	2,283	100.00	215,018,000	100.00

TWENTY LARGEST SHAREHOLDERS (as shown in the Register of Members)

Name	No. of Shares	%
1 Ho Kim Lee Adrian	28,796,000	13.39
2 Poh Sin Choon (Pte) Ltd	27,842,000	12.95
3 Hong Leong Finance Nominees Pte Ltd	25,027,000	11.64
4 Poh Choon Her Investment Pte Ltd	16,476,000	7.66
5 Maybank Nominees (Singapore) Pte Ltd	13,877,000	6.45
6 Poh Choon Ann (Pte) Ltd	9,643,000	4.48
7 Lim & Tan Securities Pte Ltd	9,000,000	4.19
8 KB Nominees Pte Ltd	4,800,000	2.23
9 Tay Tho Bok	3,723,000	1.73
10 Poh Tiong Choon Holdings (Pte) Ltd	3,429,000	1.59
11 CIMB Securities (Singapore) Pte Ltd	3,124,000	1.45
12 Ang Jwee Heng	2,682,000	1.25
13 DBS Nominees Pte Ltd	2,665,100	1.24
14 Maybank Kim Eng Securities Pte Ltd	2,436,000	1.13
15 Lee Kuan Jen Sebastian	2,374,000	1.10
16 United Overseas Bank Nominees (Private) Limited	2,128,000	0.99
17 Tang Chee Heng	2,000,000	0.93
18 UOB Kay Hian Pte Ltd	1,961,800	0.91
19 Ho Siew Hong Katherine	1,276,000	0.59
20 Tham Chaik Ming	1,210,000	0.56
Total:	164,469,900	76.46

SHAREHOLDINGS STATISTICS

AS AT 17 MARCH 2015

SUBSTANTIAL SHAREHOLDERS (as shown in the Register of Substantial Shareholders)

Name	Direct Shareholdings	Deemed Shareholdings
Poh Choon Ann (Pte.) Ltd.	48,000,000 ⁽⁵⁾	3,429,000 ⁽¹⁾
Poh Sin Choon (Pte.) Ltd.	27,842,000	3,429,000 ⁽¹⁾
Poh Choon Her Investment Pte. Ltd.	16,476,000	—
Poh Choon Ann	—	51,429,000 ⁽²⁾
Poh Khim Hong	—	51,429,000 ⁽²⁾
Poh Sin Choon @ Poh Seng Choon	—	27,842,000 ⁽³⁾
Poh Kay Giap	96,000	16,976,000 ⁽⁴⁾
Ho Kim Lee Adrian	28,796,000	—

Notes:

- (1) Poh Choon Ann (Pte.) Ltd. ("PCAPL") and Poh Sin Choon (Pte.) Ltd. ("PSCPL") are deemed to have an interest in the Shares held by Poh Tiong Choon Holdings (Pte.) Ltd. ("PTCHPL") by virtue of their holding not less than 20% of the voting shares in PTCHPL.
- (2) Mr Poh Choon Ann and Ms Poh Khim Hong are deemed to have an interest in the Shares held by PCAPL by virtue of their combined holdings of not less than 20% of the voting shares in PCAPL.
- (3) Mr Poh Sin Choon is deemed to have an interest in the Shares held by PSCPL by virtue of his holding not less than 20% of the voting shares in PSCPL.
- (4) Mr Poh Kay Giap is deemed to have an interest in the Shares held by Poh Choon Her Investment Pte. Ltd. ("PCHIPL") and Her Investment Pte. Ltd. ("HIPL") by virtue of his holding not less than 20% of the voting shares in each of PCHIPL and HIPL.
- (5) Includes 38,357,000 Shares held by various nominees.

COMPLIANCE WITH RULE 723 OF THE LISTING MANUAL

Based on information available to the Company as at 17 March 2015, approximately 54.93% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Sixth Annual General Meeting of Poh Tiong Choon Logistics Limited (the “**Company**”) will be held at Albizia Room (Level 2), Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Thursday, 30 April 2015 at 10.30 a.m. to transact the following business:–

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and Audited Financial Statements for the financial year ended 31 December 2014 together with the Independent Auditor’s Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 1.75 cents per ordinary share in the capital of the Company (“**Share**”) for the financial year ended 31 December 2014. **Resolution 2**

3. To re-elect Mr Lew Syn Pau who will retire by rotation pursuant to Article 91 of the Articles of Association of the Company and who, being eligible, will offer himself for re-election.

*Mr Lew Syn Pau will upon re-election as Director continue to serve as Chairman of the Audit Committee and remain as a member of the Nominating and Remuneration Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. (“**SGX-ST**”).* **Resolution 3**

4. To re-appoint Mr Poh Choon Ann as a Director of the Company, pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), to hold such office until the next Annual General Meeting of the Company (“**AGM**”). **Resolution 4**

5. To re-appoint Dr Hong Hai as Director of the Company, pursuant to Section 153(6) of the Companies Act, to hold such office until the next AGM. **Resolution 5**

Dr Hong Hai will, upon re-appointment as Director, remain as Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

6. To note the retirement of Mr Poh Kay Ping who will be retiring by rotation under Article 91 of the Company’s Articles of Association.

Mr Poh Kay Ping has notified the Company that he will not be seeking re-election as Director of the Company.

7. To approve the payment of Directors’ fees of S\$368,600 for the financial year ended 31 December 2014 (2013: S\$413,600). **Resolution 6**

8. To re-appoint PricewaterhouseCoopers LLP as Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:

9. Authority to issue Shares and/or convertible securities

Resolution 8

That pursuant to Section 161 of the Companies Act and the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company to:

- (1)
 - (i) issue Shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (2) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to shareholders of the Company (“**Shareholders**”) (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the percentage of issued Shares shall be calculated based on the total number of issued Shares excluding treasury shares in the capital of the Company at the time this Resolution is passed, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or sub-division of Shares;

NOTICE OF ANNUAL GENERAL MEETING

- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier.

10. **Renewal of Share Purchase Mandate**

Resolution 9

That:

- (1) for the purposes of the Companies Act, the exercise by the directors of the Company (the “**Directors**”) of all the powers of the Company to purchase or otherwise acquire issued Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (a) market purchase(s) (each a “**Market Purchase**”), transacted on the SGX-ST through one or more duly licensed dealers appointed by the Company for the purpose; and/or
 - (b) off-market purchase(s) (each an “**Off-Market Purchase**”) effected pursuant to an equal access scheme, as may determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act;and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);
- (2) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earliest of:
 - (a) the date on which the next AGM is held or required by law to be held, whichever is the earlier;
 - (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
 - (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the members of the Company in a general meeting.

NOTICE OF ANNUAL GENERAL MEETING

- (3) in this Ordinary Resolution:

“Maximum Limit” means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of the total number of issued Shares of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the amount of the issued share capital of the Company as altered after such capital reduction (excluding any treasury shares that may be held by the Company from time to time);

“Relevant Period” means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Ordinary Resolution; and

“Maximum Price”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share, and which shall not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as hereinafter defined); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

“Average Closing Price” means the average of the closing market prices of a Share for the last five Market Days (a **“Market Day”** being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action which occurs after the relevant five-day period; and

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

NOTICE OF ANNUAL GENERAL MEETING

ANY OTHER BUSINESS

11. To transact any other business that may be transacted at an AGM.

By Order of the Board

Koh Geok Hoon Judy (Ms)
Koh Ee Koon (Ms)
Company Secretaries

Singapore
15 April 2015

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED

1. Ordinary Resolution 8, if passed, will empower the Directors from the date of this AGM until the next AGM, to allot and issue new Shares and/or convertible securities in the Company up to a number not exceeding 50% of the total number of issued Shares excluding treasury shares in the capital of the Company for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of Shares to be issued other than on a pro rata basis to Shareholders shall not exceed 20% of the total number of issued Shares excluding treasury shares in the capital of the Company. For the purpose of determining the total number of Shares excluding treasury shares that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares excluding treasury shares in the capital of the Company at the time this Ordinary Resolution 8 is passed after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution 8 is passed and (b) any subsequent bonus issue or consolidation or subdivision of Shares. This authority unless previously revoked or varied at a general meeting, shall expire at the next AGM.
2. Ordinary Resolution 9, if passed, will empower the Directors to purchase or otherwise acquire, from the date of this AGM to (a) the date on which the next AGM is held or required by law to be held, whichever is the earlier; or (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the members of the Company in a general meeting, whichever is the earliest, an aggregate number of Shares not exceeding 10% of the issued Shares (excluding treasury shares) in the capital of the Company as at the date of this Resolution. More details of the Share Purchase Mandate are set out in the Company's Letter to Shareholders in relation to the proposed Share Purchase Mandate dated 15 April 2015 (the "**Letter**").

The Company may use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Purchase Mandate. The amount of financing required for the Company to purchase or acquire its Shares and the impact on the Company's financial position will depend on, *inter alia*, the number of Shares purchased or acquired and the price paid for the Shares. For illustrative purposes only, the financial effects of an assumed purchase or acquisition of 21,447,330 Shares, at a purchase price equivalent to the Maximum Price per Share, in the case of a Market Purchase and an Off-Market Purchase respectively, based on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2014 and certain assumptions, are set out in paragraph 2.8 of the Letter.

NOTICE OF ANNUAL GENERAL MEETING

NOTES

- (a) Subject to note (b) below, a member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and where there are two proxies, the number of Shares to be represented by each proxy must be stated.
- (b) A member **may not** appoint the Poh Group or their concert parties (as defined in the Letter) as his proxy.
- (c) The instrument or form appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, not less than 48 hours before the time for holding the above AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 15 May 2015 for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 p.m. on 14 May 2015 will be registered before Shareholders' entitlements to the proposed final dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 14 May 2015 will be entitled to the proposed final dividend. The proposed final dividend, if approved by members at the AGM, will be paid on 29 May 2015.

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POH TIONG CHOON LOGISTICS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 196900049H

PROXY FORM**IMPORTANT:**

1. For Investors who have used their CPF moneys to buy shares of Poh Tiong Choon Logistics Limited, the Annual Report 2014 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

I/We, _____ NRIC/Passport No. _____ of _____ (Address)

being a member/members of Poh Tiong Choon Logistics Limited (the "Company"), hereby appoint

	Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (Number of shares)
(a)				

and/or (delete as appropriate)

(b)				
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as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the 46th Annual General Meeting of the Company to be held at Albizia Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Thursday, 30 April 2015 at 10.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain from voting as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

No.	ORDINARY RESOLUTIONS	To be used on a Show of Hands ^(a)		To be used in the event of a Poll ^(b)	
		For	Against	No. of Votes For	No. of Votes Against
	ORDINARY BUSINESS				
1	Adoption of Directors' Report and Audited Financial Statements				
2	Declaration of Final Tax Exempt (One-Tier) Dividend				
3	Re-election of Mr Lew Syn Pau as Director				
4	Re-appointment of Mr Poh Choon Ann as Director				
5	Re-appointment of Dr Hong Hai as Director				
6	Approval of Directors' fees				
7	Re-appointment of PricewaterhouseCoopers LLP as Auditor				
	SPECIAL BUSINESS				
8	Authority for Directors to issue shares and/or convertible securities				
9	Renewal of Share Purchase Mandate				

(a) Please indicate your vote "For" or "Against" with a √ within the box provided.

(b) Please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2015

Total Number of Shares Held	
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IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Signature of Individual Shareholder/
Common Seal of Corporate Shareholder

Notes:

1. Subject to note 2 below, a member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and where there is more than one proxy, the number of Shares to be represented by each proxy must be stated.
2. A member **may not** appoint the Poh Group or their concert parties (as defined in the Company's Letter to Shareholders in relation to the proposed adoption of the share purchase mandate dated 15 April 2015) as his proxy.
3. This Proxy Form must be signed by the appointor or his/her duly authorised attorney or, if the appointor is a body corporate, signed by a duly authorised officer or his attorney and affixed with its common seal thereto.
4. This instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road #02-00, Singapore 068898 not less than 48 hours before the time fixed for holding the Annual General Meeting.
5. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
6. The Company shall be entitled to reject this instrument of proxy if it is incomplete, not properly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of members whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument of proxy lodged if such member is not shown to have Shares entered against his name in the Depository Register 48 hours before the time fixed for holding the Annual General Meeting as certified by CDP to the Company.

fold along this line (1)

Please
affix
postage
stamp

Poh Tiong Choon Logistics Limited

c/o Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00
Singapore 068898

fold along this line (2)

POH TIONG CHOON LOGISTICS LIMITED

48 Pandan Road | Singapore 609280

Tel : (65) 6268 2522 | Fax : (65) 6264 3394

Email : sales@ptclogistics.com.sg | Web : www.ptclogistics.com.sg

PTC CHEMICAL LOGISTICS COMPLEX

21 Ayer Merbau Road | Jurong Island | Singapore 627858

Tel : (65) 6896 9888 | Fax : (65) 6267 8790

Company Reg No. 196900049H